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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**AMENDED DECLARATION OF AMIT  
CHEELA, CHIEF FINANCIAL OFFICER OF  
BLOCKFI INC., IN SUPPORT OF THE DEBTORS'  
MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) HONOR WITHDRAWALS FROM  
WALLET ACCOUNTS, (B) UPDATE THE USER INTERFACE  
TO PROPERLY REFLECT TRANSACTIONS AND ASSETS AS OF  
THE PLATFORM PAUSE, AND (C) CONDUCT ORDINARY COURSE  
RECONCILIATION OF ACCOUNTS, AND (II) GRANTING RELATED RELIEF**

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

I, Amit Cheela, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct:

1. I am the Chief Financial Officer (“CFO”) of BlockFi Inc. (“BlockFi”). BlockFi, along with certain of its affiliates, are debtors and debtors in possession in the above captioned chapter 11 cases (collectively, the “Debtors”). I submit this declaration in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief* [Docket No. 121] (the “Wallet Withdrawal Motion”).<sup>2</sup>

2. Except as otherwise indicated, all facts set forth in this Declaration are based upon (a) my personal knowledge of the facts described herein, (b) information gleaned from my review of relevant documents, (c) information I received from the Debtors’ advisors, or (d) information I that received from my colleagues at BlockFi. If I were called upon to testify, I could and would competently testify to the facts set forth herein. For the reasons described in detail below, I believe that the relief requested in the Wallet Withdrawal Motion is in the best interests of the Debtors, their estates, and other parties in interest.

### **Qualifications**

3. I hold a bachelor’s degree in economics from New York University and a master’s degree in accounting from the University of Southern California’s Marshall School of Business. Before joining BlockFi, I spent nearly a decade in financial services, including roles as an associate

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Wallet Withdrawal Motion or the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17] (the “First Day Declaration”), as applicable.

at PricewaterhouseCoopers, an analyst at ESL Investments, and as the Officer of Finance and Operations at Coastal Investment Management.

4. I started working at BlockFi in June 2018 as the Director of Finance. I was one of BlockFi's first employees. Since then, I have been promoted several times, serving as Vice President of Finance, Senior Vice President of Finance, and, as of October 2022, CFO. Prior to the Petition Date, as CFO of BlockFi, I was responsible for overseeing corporate finance, capital markets, investor relations, treasury, strategic planning, and corporate development functions at BlockFi. Throughout my tenure at BlockFi, I have been involved in various aspects of the platform, and I have worked closely with the senior management team and treasury departments to develop our financial services and programs, including the Client Wallet Accounts.

#### **The BlockFi Terms of Service**

5. The use of BlockFi's platform is governed by a general terms of service (the "BlockFi General Terms of Service"),<sup>3</sup> attached hereto as **Exhibit A**. The following terms of service for the Debtors' specific products and services are each incorporated by reference into and made a part of the BlockFi General Terms of Service (collectively, the "BlockFi Terms of Service"):

- (a) the Wallet Terms, attached hereto as **Exhibit B** (the "BlockFi Wallet Terms of Service");<sup>4</sup>
- (b) the U.S. Interest Account Terms, attached hereto as **Exhibit C** (the "BlockFi BIA US Terms of Service"), and Non-U.S. Interest Account Terms, attached hereto as **Exhibit D** (the "BlockFi BIA Non-US Terms of Service");<sup>5</sup>

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<sup>3</sup> BlockFi General Terms of Service, <https://www.blockfi.com/terms>.

<sup>4</sup> BlockFi Wallet Terms of Service, <https://blockfi.com/wallet-terms>.

<sup>5</sup> BlockFi BIA US Terms of Service, <https://www.blockfi.com/interest-account-terms-existing-us>; BlockFi BIA Non-US Terms of Service, <https://www.blockfi.com/interest-account-terms>.

- (c) the Trading Terms, attached hereto as **Exhibit E** (the “BlockFi Trading Terms of Service”);<sup>6</sup>
- (d) the Private Client Terms, attached hereto as **Exhibit F** (the “BPC Terms of Service”);<sup>7</sup>
- (e) the ACH Transfer Terms, attached hereto as **Exhibit G** (the “BlockFi ACH Terms of Service”);<sup>8</sup>
- (f) the Debit Card Payment Terms, attached hereto as **Exhibit H** (the “BlockFi Debit Card Terms of Service”);<sup>9</sup> and
- (g) the Crypto Rewards Account Terms, attached hereto as **Exhibit I** (the “BlockFi Rewards Program Terms of Service”).<sup>10</sup>

6. Under the BlockFi General Terms of Service, by choosing to use the Debtors’ products and services, a client agrees to the BlockFi General Terms of Service and any other applicable terms of service.<sup>11</sup> Pursuant to the BlockFi General Terms of Service, clients must, among other things, “acknowledge and agree that BlockFi, *in its sole discretion, may suspend or discontinue your, and refuse any and all current and future, access to or use of you[r] BlockFi Account at any time without notice to you.*”<sup>12</sup>

7. Each of the BlockFi Wallet Terms of Service, the BlockFi BIA US Terms of Service, the BlockFi BIA Non-US Terms of Service, and the BlockFi Private Client Terms of Service further provide that, among other things, “BlockFi and our third-party partners may

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<sup>6</sup> BlockFi Trading Terms of Service, <https://blockfi.com/trading-terms>.

<sup>7</sup> BlockFi Private Client Terms of Service, <https://blockfi.com/private-client-terms>.

<sup>8</sup> BlockFi ACH Terms of Service, <https://blockfi.com/ach-terms>.

<sup>9</sup> BlockFi Debit Card Payment Terms of Service, <https://blockfi.com/debit-card-payment-terms>.

<sup>10</sup> BlockFi Rewards Program Terms of Service, <https://blockfi.com/credit-card-terms?variant=credit-card>.

<sup>11</sup> See BlockFi General Terms of Service; BlockFi Wallet Terms of Service; BlockFi BIA Terms of Service; BlockFi BPC Terms of Service; BlockFi ACH Terms of Service; and BlockFi Debit Card Terms of Service.

<sup>12</sup> BlockFi General Terms of Service, Registration (emphasis added).



experience cyber-attacks, *extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently.*”<sup>13</sup>

8. Each of the BlockFi Wallet Terms of Service, BlockFi BIA US Terms of Service, the BlockFi BIA Non-US Terms of Service, the BlockFi Trading Terms of Service, and the BlockFi Rewards Program Terms of Service, provide that the Debtors reserve the right “to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your account and/or closing your accounts *without prior notice to you* unless prior notice is required by law.”<sup>14</sup>

9. The BlockFi General Terms of Service provide that:

***BlockFi may terminate your right to use the Online Platform, or block you from future use, at any time in its sole discretion, with or without cause, and without notice to you.*** Some circumstances in which BlockFi may exercise this right to terminate your right to use the Online Platform include, but are not limited to: (i) you have breached any provision of the Terms; (ii) you have engaged in conduct which BlockFi, in its sole discretion, considers to be unacceptable; (iii) BlockFi is required by law to do so; or (iv) BlockFi no longer provides the Online Platform. ***The above are only examples of circumstances in which BlockFi may terminate your right to use the Online Platform and BlockFi may terminate your right to use the Online Platform for any other reason in its sole discretion.*** We will not be liable to you due to or by reason of our termination of your right to use the Online Platform or the automatic termination of your right to use the Online Platform for non-compliance set forth above.<sup>15</sup>

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<sup>13</sup> BlockFi Wallet Terms of Service, § D.5 (emphasis added); BlockFi BIA Non-US Terms of Service, § E.3 (emphasis added); BlockFi BIA US Terms of Service, § C.3 (emphasis added); BPC Terms of Service, § F.9 (emphasis added).

<sup>14</sup> BlockFi Wallet Terms of Service, § G.12 (emphasis added); BlockFi BIA US Terms of Service, § G.11 (emphasis added); BlockFi BIA Non-US Terms of Service, § I.11 (emphasis added); BlockFi Rewards Program Terms of Service, § I.12 (emphasis added).

<sup>15</sup> BlockFi General Terms of Service, Termination; Survival of Provisions (emphasis added).

10. The BlockFi General Terms of Service further provide that “BlockFi reserves the right to refuse service, terminate relationships, and cancel orders or transactions in its discretion.”<sup>16</sup>

11. The BlockFi ACH Terms of Service provide that “BlockFi, in its sole discretion, may refuse this transfer option service to anyone or any user *without notice for any reason at any time.*”<sup>17</sup> Similarly, the BlockFi Debit Card Payment Terms of Service provide that “BlockFi, in its sole discretion, may refuse this debit card payment option to any user *without notice for any reason at any time.*”<sup>18</sup>

12. The BlockFi Trading Terms of Service provide that:

Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. *Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the client initiates the transaction.* The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.<sup>19</sup>

13. The BlockFi Trading Terms of Service further provide that:

*We may settle any trading activity through book-entry. At any given time, there is no assurance that all purchased digital assets will be immediately transferred into your BlockFi Wallet. Therefore, you may be subject to our credit risk.* Your right to receive purchased digital assets will not be secured by any property nor insured by any insurance. Your right to receive purchased digital assets may be subordinated to any of our secured debt and rank equally with any of our other debt obligations. This means that, in a bankruptcy or liquidation proceeding against us, your right to receive digital assets in your BlockFi Wallet may rank equally in

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<sup>16</sup> BlockFi General Terms of Service, Acceptable Use of the Online Platform.

<sup>17</sup> BlockFi ACH Terms of Service § 1 (emphasis added).

<sup>18</sup> BlockFi Debit Card Payment Terms of Service § 1 (emphasis added).

<sup>19</sup> BlockFi Trading Terms of Service § E.2 (emphasis added).

right of payment with all our other unsecured and unsubordinated debt. In such an event, you may lose the entire value of your BlockFi Wallet.<sup>20</sup>

14. The BlockFi Trading Terms of Service provide that BlockFi “may accept or refuse any order, or delay placing any order, if [BlockFi] determine[s] that it is necessary or appropriate to do so. Additionally, you may suffer market losses during periods of volatility in the price and volume of eligible crypto, particularly when system issues result in the inability to buy or sell eligible crypto. You agree that you will not hold BlockFi responsible for any losses caused by such refusal or delay or such inability to transact.”<sup>21</sup>

15. The BlockFi Wallet Terms of Service provide that:

You may make a ***request*** for a complete or partial withdrawal of cryptocurrency from your BlockFi Wallet at any time with appropriate time notice as stated above. ***Additionally, before a withdrawal is processed, you may be required to provide certain personally identifiable information so BlockFi can verify your identity. BlockFi initiates the withdrawal process instantly when possible, and we may require up to seven (7) days after you submit your withdrawal request to process the withdrawal.***<sup>22</sup>

16. The BlockFi Wallet Terms of Service further provide that:

Upon a withdrawal ***request***, your cryptocurrency will first be transferred to BlockFi Trading LLC, and then will be transferred to your designated account.<sup>23</sup>

17. The BlockFi BIA US Terms of Service and BlockFi BIA Non-US Terms of Service provide that:

You may make a ***request*** for complete or partial withdrawal of principal from your Crypto Interest Account at any time. Any

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<sup>20</sup> BlockFi Trading Terms of Service § E.4 (emphasis added).

<sup>21</sup> BlockFi Trading Terms of Service, § A.5 (emphasis added).

<sup>22</sup> BlockFi Wallet Terms of Service § D.1 (emphasis added).

<sup>23</sup> BlockFi Wallet Terms of Service § D.2 (emphasis added).

withdrawal of principal will be transferred instantly to your BlockFi Wallet and any withdrawal from your BlockFi Wallet will be subject to BlockFi Wallet Terms. Any interest that has accrued but not been credited to your account on a month-end basis is not eligible for withdrawal until the fifth business day of the following month. If you are an existing U.S. client, please note that any assets you withdraw from your Crypto Interest Account on or after February 14, 2022 will not be eligible for transferring back into your Crypto Interest Account.

18. The BlockFi Wallet Terms of Service further provide that “[e]xcept as required by a valid court order or applicable law, BlockFi shall not sell, transfer, loan, hypothecate or otherwise alienate cryptocurrency held in your BlockFi Wallet unless specifically instructed by you.”<sup>24</sup>

**BlockFi Wallet, BlockFi Interest Accounts, and BlockFi Private Client**

**I. BlockFi Wallet.**

**A. The Client Wallet Accounts.**

19. Prior to the Platform Pause (as defined below), the Debtors provided a product called “BlockFi Wallet,” which is a non-interest-bearing account that allows clients to hold, transfer, and manage digital assets. BlockFi Trading LLC provides wallet accounts for their U.S. clients and BlockFi International Ltd. provides wallet accounts for their non-U.S. clients (the “Client Wallet Accounts”). The Client Wallet Accounts are non-interest bearing.

20. In the ordinary course of the Debtors’ business, prior to the Platform Pause, clients could fund their Client Wallet Accounts by either (a) transferring supported digital assets from an external personal wallet to a wallet address provided by BlockFi Trading LLC, which would then record the digital assets to a client’s Client Wallet Account and be displayed on the User Interface (as defined below) or (b) transferring U.S. dollar fiat currency to BlockFi Trading LLC’s accounts

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<sup>24</sup> BlockFi Wallet Terms of Service § F.

at Silvergate Bank, which could be used to purchase supported digital assets that are recorded in the client's Client Wallet Account.<sup>25</sup>

21. Prior to the Platform Pause, a Client Wallet Account could be used by the Debtors' clients in connection with BlockFi's other products and services. For example, after opening a Client Wallet Account, clients could (a) (for non-U.S. clients) direct the transfer of cryptocurrency recorded in their Client Wallet Account to an interest earning account, (b) buy and sell cryptocurrency on BlockFi's platform, (c) direct transfers of digital assets or fiat cash (as proceeds from a trade of digital assets into fiat) to the client's external personal account, and (d) (for U.S. clients) receive digital asset rewards through the Rewards Card.

**B. The Custodial Omnibus Wallets.**

22. BlockFi Wallet LLC has a digital asset wallet account with Fireblocks (the "Wallet LLC FBO BlockFi Trading's Customers Account"). BlockFi Wallet LLC hosts and maintains pooled custodial solutions wallets for U.S. clients through the Wallet LLC FBO BlockFi Trading's Customers Account "for the benefit of" the clients of BlockFi Trading LLC (the "Wallet LLC Wallets").

23. BlockFi Trading LLC has a digital asset wallet account with BitGo (the "BitGo Account"). BlockFi Trading LLC hosts and maintains pooled custodial solutions wallets "for the benefit of" U.S. clients of BlockFi Trading LLC through the BitGo Account (the "BitGo Custodial Wallets").

24. BlockFi International Ltd. has a digital asset account with Fireblocks (the "International Fireblocks Account"). BlockFi International Ltd. has a wallet subaccount of

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<sup>25</sup> The exception to this is residents of New York who have a crypto-backed loan but who do not have a BlockFi Wallet account, because Wallet Accounts are not available in the state of New York.

the International Fireblocks Account (the “International Vault Account”). BlockFi International Ltd. hosts and maintains pooled custodial solutions wallets for the benefit of non-U.S. clients of BlockFi International Ltd. through the International Vault Account (the “International Vault Wallets,” and together with Wallet LLC Custodial Wallets and the BitGo Custodial Wallets, the “Custodial Omnibus Wallets”).

25. The Custodial Omnibus Wallets are all a part of the BlockFi Wallet product. As set forth in the BlockFi Wallet Terms of Service, the digital assets held in the Custodial Omnibus Wallets are not rehypothecated for BlockFi’s lending activities.<sup>26</sup> Additionally, as set forth in the BlockFi Wallet Terms of Service, “title to the cryptocurrency held in your BlockFi Wallet shall at all times remain with you and shall not transfer to BlockFi.”<sup>27</sup>

26. BlockFi also hosts and maintains separate non-custodial wallets for digital assets associated with BlockFi Interest Account (“BIA”), BlockFi Private Client (“BPC”), and BlockFi Loan product offerings. Specifically, BlockFi Inc., BlockFi Lending LLC, and BlockFi International Ltd. each separately host and maintain omnibus non-custodial wallets through Fireblocks or other exchanges and custodians for BlockFi’s other product offerings (the “Rehypothecateable Wallets”). The digital assets in the Rehypothecateable Wallets are available for BlockFi to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use.<sup>28</sup> There is no commingling of digital assets held in the Custodial Omnibus Wallets with the Rehypothecateable Wallets.

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<sup>26</sup> BlockFi Wallet Terms of Service § F.

<sup>27</sup> BlockFi Wallet Terms of Service § F.

<sup>28</sup> BlockFi Private Client Terms of Service § G.1; BlockFi BIA Non-US Terms of Service § G.1; BlockFi BIA US Terms of Service § E.1.

**C. Client Deposits of Digital Assets onto BlockFi's Platform.**

27. When a U.S. or non-U.S. client deposits digital assets into their Client Wallet Account from an external source (*e.g.*, an external wallet), such digital assets are received by the BitGo Custodial Wallets maintained by BlockFi Trading LLC. The BitGo Custodial Wallets are the sole digital asset onramp and offramp to and from BlockFi's platform.

28. Once a digital asset is deposited into the BitGo Custodial Wallet, such a digital asset is fungible; no specific digital asset in the Custodial Omnibus Wallets belongs to any particular client. When a non-U.S. client deposits digital assets into the BitGo Custodial Wallets, digital assets in the Debtors' omnibus wallets are sent to the International Vault Wallets pursuant to the omnibus True-Up Process conducted by BlockFi's employees to account for such deposits of non-U.S. clients. When a U.S. client successfully sends a deposit of digital assets onto BlockFi's platform from an external source (*e.g.*, an external wallet), a book entry reflecting such deposit is instantaneously recorded in the Company-Facing Interface (as defined below) as a deposit received and is also immediately displayed on the User Interface as being held in the applicable Client Wallet Account. From the perspective of the blockchain, the digital assets move from such U.S. clients' external wallet to the BitGo Custodial Wallets, where such digital assets can remain indefinitely or be swept to the Wallet LLC Wallets.

29. Pursuant to the BlockFi Wallet Terms of Service "the transfer of such eligible cryptocurrency to your BlockFi Wallet may not be deemed settled or completed until the transaction has met the specific protocol for a relevant cryptocurrency that BlockFi has defined."<sup>29</sup>

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<sup>29</sup> BlockFi Wallet Terms of Service §C.2.

**D. Transfer Requests and Withdrawal Requests.**

30. Following the launch of BlockFi's Wallet product, clients could no longer withdraw eligible digital assets directly from BIA to an external wallet. Instead, as set forth in the BlockFi US BIA Terms of Service and BlockFi Non-US BIA Terms of Service, clients first had to request a transfer of digital assets from BIA to their Client Wallet Account.

31. A client can only request an off-platform withdrawal of eligible<sup>30</sup> digital assets that are represented in their Client Wallet Account on the User Interface and are held in the BitGo Custodial Wallet. From the perspective of the blockchain, digital assets will move from the BitGo Custodial Wallet to the client's external wallet. In the ordinary course of business, for retail and private clients, digital assets would not move on the blockchain from the Rehypotheatable Wallets to external client wallets in a single transaction.

32. In order for a client to request to withdraw digital assets from BIA to an external destination (including external wallets), a client must first "click" the requisite buttons on the User Interface to initiate a transfer request of such digital assets from BIA to their Client Wallet Account.<sup>31</sup> As set forth in the BlockFi BIA US Terms of Service and BlockFi BIA Non-US Terms of service, limits on transfers of eligible digital assets from BIA to Client Wallet Accounts based on frequency and amount may apply from time-to-time and are described in on the User Interface and on the Debtors' website at <https://blockfi.com/fees>.<sup>32</sup>

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<sup>30</sup> Ineligible digital assets include the Trade-Only Assets. Trade-Only Assets held on the BlockFi platform cannot be withdrawn to an external source.

<sup>31</sup> Certain BPC clients may have received white glove service from time to time whereby BlockFi employees effectuated moves from such BPC clients' BPC accounts to the applicable Client Wallet Account and thereafter facilitated a subsequent withdrawal without such BPC clients first needing to click the requisite buttons on the User Interface, but the BlockFi employees took all of the same steps (*i.e.*, the True-Up Process and/or Batching Process) as they would have if the BPC client had clicked the requisite buttons on the User Interface.

<sup>32</sup> BlockFi BIA US Terms of Service § C.2; BlockFi BIA Non-US Terms of Service § E.2.



33. Following the SEC Settlement in February of 2022, if a client was a U.S. client, then in order to request a transfer of digital assets out of their BIA, after clicking the “transfer” button on the User Interface to initiate a withdrawal request, the client first had to: (i) view a pop-up warning advising, “Are You Sure? Once you transfer assets from your Interest Account, you won’t be able to transfer them back in,” and click “Continue With Transfer”; and (ii) on a second page, check a box acknowledging that, “I understand this transfer cannot be reversed and I will lose the possibility to earn interest on these assets” and click “Confirm Transfer.”

34. In the ordinary course of business, when a client requested to transfer eligible digital assets out of their BIA to their Client Wallet Account on the User Interface, interest stopped accruing immediately as the interest accrual calculation was connected to the balances displayed on the User Interface. When a client clicked the “transfer” button on the User Interface to initiate a transfer request to transfer digital assets out of their BIA to their Client Wallet Account, the client could immediately click a second “withdraw” button on the User Interface to request a withdrawal from their Client Wallet Account in the form of digital assets or fiat (if digital assets were trading into fiat).

35. When a client requested to transfer eligible digital assets out of their BIA to their Client Wallet Account on the User Interface, the client could immediately request to trade those digital assets without needing to wait for the True-Up Process to be completed, with BlockFi assuming the hedging risk, as was standard for all trading on BlockFi. However, the Debtors handled requested trades through book entries, and, as stated in the BlockFi Trading Terms of Service, there was no assurance that any purchased digital assets would be immediately transferred

into a client's Client Wallet Account and BlockFi's clients were subject to BlockFi's credit risk.<sup>33</sup>

Trade requests were not effectuated until the True-Up Process was complete.

36. The mere act of clicking a button on the User Interface has no automatic impact on the digital asset balances in the Custodial Omnibus Wallets and the Rehypotheccateable Wallets. Likewise, the mere collection of data in a queue on the Company-Facing Interface has no impact whatsoever on the digital asset balances in the Custodial Omnibus Wallets and the Rehypotheccateable Wallets. Digital assets can only move from Rehypotheccateable Wallets to Custodial Omnibus Wallets and from the BitGo Custodial Wallet to an external wallet via manual intervention by the Debtors' employees through the True-Up Process and/or Batching Process.

**E. The Batching Process.**

37. The off-platform withdrawal process is a partially manual process undertaken by members of the Debtors' Financial Operations team, summarized as follows (the "Batching Process"):

- i. The Debtors' Financial Operations team would "batch" request data on the Company-Facing Interface and then send such "batches" of withdrawal request data to the Debtors' Fraud and Security team. The Debtors' Fraud and Security team would run automated fraud checks. The automated fraud check system would identify and flag certain off-platform withdrawal requests, which the Debtors' Fraud and Security team would manually review. Depending on the facts of the particular situation, the process described in this paragraph 37(i) can either be completed reasonably quickly, or can take numerous days to complete;

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<sup>33</sup> BlockFi Terms of Service § E.4.

- ii. each business day, the Debtors' Financial Operations team would review the withdrawal request data that had been reviewed by the Debtors' Fraud and Security team and had cleared fraud checks and hold time;
- iii. the Debtors' Financial Operations team would again "batch" such withdrawal requests (*i.e.*, organize the requests for processing) according to the time of request and whether such withdrawal request was for digital currency, ACH, or wire;
- iv. two times each business day, the Debtors' Financial Operations team would upload and submit the valid withdrawal request data to BitGo (in the instance of on-chain digital currency withdrawal requests), and Silvergate (in the instance of ACH or wire fiat withdrawal requests).
- v. BitGo would then effectuate the withdrawal request by facilitating the movement of digital assets or fiat from the BitGo Custodial Wallet to the applicable clients. Silvergate would facilitate wires and ACH requests.

38. As set forth in the BlockFi Wallet Terms of Service, it can take up to seven days for the Debtors to complete the off-platform withdrawal process after a client submits their withdrawal request. BlockFi usually processed off-platform withdrawal requests in fewer than seven days. A client cannot effectuate a bona fide transfer of digital assets from their BIA to their Client Wallet Account without such transfer request being effectuated by the Debtors employees via the earlier of (a) the Batching Process or (b) the True-Up Process to occur.

39. In the ordinary course of business, pursuant to the BlockFi Wallet Terms of Service, a client "may make a **request** for complete or partial withdrawal of principal ... at any time," but the actual withdrawal is "transferred instantly" upon completion of the Batching Process and/or the True-Up Process (whichever happens first).<sup>34</sup> A critical element of BlockFi's business is to guard against attempted fraud and to ensure the safety of their client's digital assets. Accordingly,

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<sup>34</sup> BlockFi Wallet Terms of Service § C.1.

the Batching Process and True-Up Process are essential steps in facilitating and effectuating withdrawal requests.<sup>35</sup>

**F. The True-Up Process.**

40. As used herein, “True-Up Process” refers to the partially manual, multi-step process undertaken by the Debtors’ Treasury and Financial Operations Teams to effectuate client transfer request data collected by the Company-Facing Interface, subject to customary fraud and security checks with respect to off-platform withdrawal requests in connection with the Batching Process. The True-Up process occurred once each business day, generally between 9:00 a.m. and 11:00 a.m. (prevailing Eastern time).

41. The following are summary descriptions of the steps of the True-Up Process:

- i. The client initiates a transfer request through the User Interface.
- ii. Data regarding client transfer requests is automatically collected in the Company-Facing Interface.
- iii. The data in the Company-Facing Interface is reviewed by BlockFi’s Treasury team on the business day following clients’ transfer requests. The Treasury team also reviews current Custodial Omnibus Wallet balances to calculate the digital assets that are needed to reconcile the Custodial Omnibus Wallets so that the balances match the transfer request data reflected in the Company-Facing Interface (*i.e.*, the required net inflow or outflow of digital assets from the Custodial Omnibus Wallets and Rehypothecateable Wallets so that the omnibus balances match the Company-Facing Interface from the prior business day), and then take requisite steps to “true-up” the Custodial Omnibus Wallets so that the two systems match one another.
- iv. Once each business day, by reference to the prior day’s closing balances in Custodial Omnibus Wallets, members of BlockFi’s Treasury team reconciled clients’ transfer requests with the Custodial Omnibus Wallets.

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<sup>35</sup> See BlockFi Wallet Terms of Service § C.4.

- (i) The first step to reconciling the Company-Facing Interface data with BlockFi's financial ledger (the term BlockFi uses to refer to the Omnibus Custodial Wallet balance information maintained on Google Sheets and that is ultimately imported to and reflected on BlockFi's books and records at month's end) was to calculate the quantum of digital assets that needed to be transferred to or from the Custodial Omnibus Wallets and the Rehypotheateable Wallets. To do this, the Treasury team inputted a download of data from the Company-Facing Interface into a spreadsheet calculator to determine the amount of digital assets (the "True-Up Amounts") that had to be transferred in or out of the Custodial Omnibus Wallets to match the data collected in the Company-Facing Interface the prior business day.
  - (ii) Following the Treasury team's review and calculation of the True-Up Amounts, BlockFi's Financial Operations team "trued up" the Custodial Omnibus Wallets by manually transferring digital assets into or out of the Custodial Omnibus Wallets from the Rehypotheateable Wallets.
- v. BlockFi typically aimed to transfer additional digital assets from Rehypotheateable Wallets via internal omnibus account transfers to applicable Custodial Omnibus Wallets to provide for a 1–5% buffer in the Custodial Omnibus Wallets in an effort to ensure that the Custodial Omnibus Wallets were always fully reserved. This buffer created an intercompany loan payable from BlockFi Wallet LLC to the relevant corresponding legal entity from which the digital assets were borrowed.
- vi. If the True-Up Process showed that there were excess digital assets in the Custodial Omnibus Wallets of greater than approximately \$10,000 USD (on a coin-by-coin basis), the excess assets may be released to the Rehypotheateable Wallets.

42. Upon the actual completion of the True-Up Process, the current balances amongst the Debtors' omnibus accounts will substantially match the client-level request data collected by the Company-Facing Interface from the prior business day and BlockFi will recognize the transfers as completed.

## **II. The BlockFi Interest Accounts.**

43. The BIA product allows clients to earn interest in the form of digital assets on the eligible, supported digital assets deposited or transferred into BIA. The BIA product is

administered by BlockFi Inc. for BlockFi's U.S. clients or BlockFi International Ltd. for BlockFi's non-U.S. clients. The Debtors published interest rates on its website at <https://blockfi.com/rates>. In the ordinary course of business, the Debtors used the daily balance method to calculate interest on clients' BIA accounts, applying a daily periodic rate to the specified principal in the accounts each day.

44. BlockFi has the contractual right to redeploy digital assets transferred to a BIA account for its revenue-generating activities. More specifically, BlockFi has the right, without further notice to a BIA client, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use any amount of digital assets transferred to a BIA, separately or together with other property, with all attendant rights of ownership, for any period of time and without retaining in BlockFi's possession and/or control a like amount of digital assets.<sup>36</sup>

45. Pursuant to the SEC Settlement, BlockFi undertook to cease offering BIAs to new clients in the U.S. and cease accepting further investments or funds in BIAs by current U.S. clients. On February 14, 2022, BlockFi announced on its website that "existing U.S. BlockFi Interest Account (BIA) clients will maintain their accounts and receive interest as they always have, but cannot add new assets to their accounts as of today, February 14, 2022. Further, U.S. persons will not be able to open new BIAs. . . . BIAs of BlockFi clients outside of the U.S. are not subject to today's resolution."<sup>37</sup> In February 2022, BIAs for non-U.S. clients were moved from BlockFi Lending LLC to BlockFi International Ltd., and, in April 2022, BIAs of U.S. clients were moved from BlockFi Lending LLC to BlockFi Inc.

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<sup>36</sup> BlockFi BIA US Terms of Service § E.1; BlockFi BIA Non-US Terms of Service § G.1.

<sup>37</sup> BlockFi Enters Landmark Resolution with Federal and State Regulators Providing Clarity on Pathway for Crypto Interest Securities, BlockFi Update (Feb. 14, 2022), <https://blockfi.com/resolution-announcement>.

### III. BlockFi Private Client.

46. In addition to BIAs, which generally have standardized terms applicable to all holders, BlockFi provides an individually negotiated interest-bearing product to eligible clients as part of its BlockFi Private Client suite of products. BPC loan agreements are with (and administered by) either BlockFi Lending (U.S. clients) or BlockFi International Ltd. (non-U.S. clients). The BPC product suite permits clients to lend digital assets to BlockFi on individually negotiated terms, in addition to individually negotiated terms for other products and services. BPC loan interest is paid in the form of digital assets at a negotiated rate. A BPC loan may be structured as an “open” term (*i.e.*, the BPC client may request that BlockFi repay the loan at any time) or a “fixed” term (*i.e.*, the loan has a negotiated maturity date). BlockFi has the right to redeploy digital assets borrowed under a BPC loan for its revenue-generating activities. BlockFi has the right to redeploy digital assets borrowed under a BPC loan for its revenue-generating activities. More specifically, BlockFi has the right, without further notice to a BPC client, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use any amount of digital assets borrowed under a BPC loan, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi’s possession and/or control a like amount of digital assets.<sup>38</sup>

### IV. The User Interface and the Company-Facing User Interface.

47. In the ordinary course of business, the Debtors use two distinct and independent processes to, ***first***, collect transfer request data (*i.e.*, via the Company-Facing Interface) (as defined below) and, ***second***, effectuate transfer requests (*i.e.*, the Debtors’ True-Up Process and Batching Process). The Debtors use a “user interface” / “user experience” system for its product offerings,

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<sup>38</sup> BlockFi Private Client Terms of Service § G.1.

which the Debtors call “Storm” or the “Product UI/UX System” (the “Company-Facing Interface”), to collect and record transfer requests that clients initiate when they interface and interact with the User Interface. The User Interface is the client-facing, web-based, in-app display that a client sees, experiences, and interacts with when logging into their BlockFi account from a computer or mobile device. The User Interface allows clients to, among other things, view their account balances (*e.g.*, the balance in their Client Wallet Account) and use various product offerings.

48. The Company-Facing Interface and the User Interface are two sides of the same coin. While the User Interface is the Debtors’ *client-facing*, user-experience program that clients interact with, the Company-Facing Interface is the *company-facing* aspect of the User Interface that the Debtors’ employees see, experience, and interact with to collect and review, and subsequently manually action, transfer request data.

49. When a client initiates a transfer request on the User Interface (*e.g.*, clicks the requisite digital buttons on their in-app display), that transfer request is automatically collected and recorded in a queue in the Company-Facing Interface. In connection with the automatic collection of the initiated transfer request data on the Company-Facing Interface, the User Interface automatically sends a fully automated email communication to the requesting client once such client clicks the “transfer” button on the User Interface to initiate a transfer request. Although the client receives an email immediately upon initiating the transfer request on the User Interface, there is a delay on the back end because the Debtors must manually process the transfer and withdrawal requests that are initiated on the User Interface and collected on the Company-Facing Interface via the True-Up Process and/or Batching Process.



50. With respect to the Attempted Platform Pause Transactions (*i.e.*, the requested transfers, trades, and withdrawals by BlockFi clients initiated on the User Interface *after* 8:15 p.m. (prevailing Eastern Time) on November 10, 2022), no digital assets moved amongst the Debtors' Custodial Omnibus Wallets and Rehypothecateable Wallets, no digital assets were withdrawn from the BitGo Custodial Wallets to any clients' external wallet, and the Debtors did not undertake the True-Up Process nor the Batching Process in connection therewith. Activity only appeared to have occurred in connection with the Attempted Platform Pause Transactions on the User Interface.

### **The Platform Pause**

51. As described in the First Day Declaration, in the Summer of 2022, BlockFi had entered into a transaction with West Realm Shires Inc. (d/b/a FTX US) (the "FTX Transaction"), which included FTX US making capital available to BlockFi Inc. in the form of United States Dollar Coin ("USDC") to be made to BlockFi Inc. of up to a notional amount of \$400 million.<sup>39</sup> Any capital made available to BlockFi Inc. under the FTX Transaction would be junior to BlockFi's obligations to its clients, and BlockFi drew \$275 million USDC pursuant to the terms of the FTX Transaction.

52. On November 8, 2022, the Debtors requested an additional \$125 million pursuant to the FTX Transaction, which FTX.US did not provide. That same day, FTX.COM suspended withdrawals for its international accounts, beginning a period of uncertainty in the cryptocurrency markets. On November 8, 2022, Alameda Research was in default on its loans from BlockFi and sought forbearance from BlockFi. As consideration for BlockFi's accommodation to not enforce legal rights, BlockFi demanded, and Alameda Research agreed, to post additional collateral for its

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<sup>39</sup> See First Day Declaration ¶¶ 67–72.

loans. The parties memorialized the Alameda defaults in their forbearance agreements on November 9, 2022. Ultimately, Alameda failed to repay BlockFi as the parties had agreed under the forbearance, and BlockFi's efforts to access certain collateral posted to secure the Alameda loans were not immediately successful.

53. At this point, the Debtors recognized that there was a risk that they would be unable to operate their business as usual and took action to protect clients' interests and ensure equality of treatment among similarly situated clients. Chief among these measures was the pause of platform activity, including transfers and withdrawals, as permitted under the BlockFi General Terms of Service (the "Platform Pause"), which took effect on November 10, 2022, at 8:15 p.m. (prevailing Eastern Time) (the "Platform Pause Time Stamp"). As further described herein, the Debtors made an initial public announcement of the implementation of the Platform Pause via the Debtors' official Twitter and Reddit account on November 10, 2022 at 8:16 p.m. (prevailing Eastern Time), true and correct copies of which are attached hereto as **Exhibit J** (the "Initial Notice").

54. The difficult decision to implement the Platform Pause occurred over the course of two special meetings of the Board of Directors of BlockFi Inc. on November 10, 2022. First, at 9:30 a.m. (prevailing Eastern Time), a special meeting of the Board of Directors of BlockFi Inc. convened to discuss, among other things, potentially pausing activities on BlockFi's platform to safeguard client assets and preserve liquidity. Later that day, at 3:45 p.m. (prevailing Eastern Time), the Board of Directors determined that it was in the best interest of the Company, its clients, and other creditors to pause product capabilities on the BlockFi platform, including trades, transfers, and withdrawals.

55. In accordance with the Platform Pause, (a) the Debtors immediately ceased to

effectuate trades, transfers, or withdrawals that were requested after the Platform Pause Time Stamp,<sup>40</sup> (b) the Financial Ledger (*i.e.*, the balances maintained in the Custodial Omnibus Wallets) ceased to reflect transactions data for requests initiated after the Platform Pause Time Stamp, and (c) the Debtors' Treasury and Financial Operations teams discontinued the True-Up Process and the Batching Process with respect to transfer requests initiated after the Platform Pause Time Stamp.

56. Pursuant to the Platform Pause, the Debtors stopped moving digital assets from the Rehypothecateable Accounts into Custodial Omnibus Wallets pursuant to the True-Up Process with respect to transfer requests initiated after November 10, 2022, at 8:15 p.m. (prevailing Eastern Time) and the Debtors stopped conducting the Batching Process, meaning that a client's ability to effectuate a bone fide withdrawal, transfer, or trade request on the platform was terminated with respect to transfer requests initiated after the Platform Pause Time Stamp. The Debtors' Financial Operations and Treasury teams did not effectuate any client request to transfer from BIA to Client Wallet Accounts that were initiated *after* the Platform Pause Time Stamp. The only transfers that the Debtors effectuated after the Platform Pause Time Stamp are described in paragraph 53. Consequently, all of the attempted Platform Pause Transactions, including the Attempted BIA to Wallet Transfers, remain in a queue in the Company-Facing Interface.

57. The only transfer requests that were initiated after the Platform Pause Time Stamp that were processed by the Debtors were in connection with the Department of Justice (the "DOJ") seizure (the "DOJ Seizure").<sup>41</sup>

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<sup>40</sup> Valid withdrawal requests that were submitted *prior* to the Platform Pause Time Stamp were fulfilled after the Platform Pause Time Stamp in the ordinary course of business after such withdrawal requests cleared the Debtors requisite and customary fraud and security checks.

<sup>41</sup> The DOJ Seizure refers to the Debtors' compliance with multiple DOJ seizure warrants that were served on the Debtors on November 16, 2022, prior to the Petition Date. To comply with the DOJ Seizure warrants, on February

58. Following the Platform Pause, the Debtors' moved segregated digital assets from Gemini's platform to BlockFi's platform to protect clients' digital assets in response to reports that Gemini would be imminently filing for bankruptcy (the "Gemini Transition"). The Gemini Transition did not involve moving new digital assets into segregation.

59. Between November 10, 2022 and November 18, 2022, the True-Up Process was only conducted in connection with respect to the continued processing of withdrawal and transfer requests that had been initiated by U.S. clients<sup>42</sup> prior to the Platform Pause Time Stamp.

60. Certain BlockFi clients continued to deposit new digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp. The Debtors do not have the ability to reject the new receipt of digital assets.<sup>43</sup> In addition, after the Platform Pause Time Stamp, certain clients, through their banks, reversed ACH transactions that they had initiated prior to the Platform Pause Time Stamp but which had not yet been reflected in the Custodial Omnibus Wallets.

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10 and 13, 2023, after advising parties and the Bankruptcy Court in a public hearing, the Debtors transferred to the U.S. government the wallet balances connected to the clients that were implicated in the DOJ Seizure warrants.

<sup>42</sup> One withdrawal BlockFi Private Client who had a non-U.S. address on file with the Debtors requested a withdrawal prior to the Platform Pause Time Stamp, which the Debtors did not effectuate due to the BMA order freezing the international wallet accounts. This client then sued the Debtors in the State of New York, claiming a U.S. address. On November 18, 2022, the Debtors honored this client's withdrawal request, which was submitted prior to the Platform Pause Time Stamp, in connection with a settlement of such litigation.

<sup>43</sup> To the extent that a U.S. client deposited digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp, such digital assets are reflected in the BitGo Custodial Wallets or the Wallet LLC Wallets. To the extent that a non-U.S. client deposited digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp, there would need to be true-up from the BitGo Custodial Wallets or the Wallet LLC Wallets to the International Vault Wallets.

### **The Debtors' Noticing Efforts**

61. The Debtors made the decision to pause their platform at a board meeting in the afternoon on November 10, 2022, hours before the Platform Pause Time Stamp, and communicated this decision more broadly as soon as practicably possible.

62. Flori Marquez, the Debtors' Chief Operating Officer sent a message regarding the implementation of the Platform Pause to employees via Slack on November 10, 2022 at approximately 8:09 p.m. (prevailing Eastern Time) (the "Internal Slack Notice"), followed by Ms. Marquez's company-wide email to BlockFi's employees announcing the Platform Pause at 8:11 p.m. (prevailing Eastern Time) (the "Internal Email Notice"), copies of which are attached hereto as **Exhibit K** and **Exhibit L**, respectively.

63. Due to the sudden nature of the Platform Pause, the Debtors faced logistical hurdles in ensuring that *all* client communications occurred simultaneously, which resulted in the staggered delivery of the Platform Pause Alerts (as defined below) across multiple, wide-reaching communications platforms over the course of November 10, 2022, and November 11, 2022. Because of these logistical hurdles, the Debtors determined that the most prudent course of action to notify their clients that the Platform Pause had taken effect was to post a message moments after the Platform Pause Time Stamp on social media platforms Twitter and Reddit. The Debtors believed that, because both Twitter and Reddit are platforms that are heavily monitored and utilized by the Debtors' client base, utilizing social media was the best available first step to reaching the maximum number of their clients of and attract widespread attention from reputable media outlets to further amplify the notice.

64. The Debtors also typically utilize Twitter and Reddit to deliver messages to their clients because such messages are usually amplified by news outlets and other prominent social

media accounts with large audiences. Indeed, I understand that news of the Platform Pause was reported in various high-profile news outlets within hours of the Platform Pause. For example, at 8:33 p.m. (prevailing Eastern Time) and 11:55 p.m. (prevailing Eastern Time) on November 10, 2022, respectively, Bloomberg and the Wall Street Journal published articles publicizing BlockFi's suspension of withdrawals, true and correct copies of which are attached hereto as **Exhibit M** (the "November 10 Newspaper Notices").<sup>44</sup> A few hours later, at 5:43 a.m. (prevailing Eastern Time) on November 11, 2022, Singapore's Straits Times publicized BlockFi's withdrawal suspension, a true and correct copy of which is attached hereto as **Exhibit N** (the "November 11 Newspaper Notice," and together with the November 10 Newspaper Notices, the "Newspaper Notices").<sup>45</sup>

65. Also on November 10, 2022, at 8:16 p.m. (prevailing Eastern Time), the Twitter accounts with the handles "@BlockFiZac" and "@FounderFlori" retweeted the Debtors' notification, a true and correct copy of which is attached hereto as **Exhibit O** (the "Second Twitter Notice").

66. Subsequently, at 12:14 p.m. (prevailing Eastern Time) on November 11, 2022, the Debtors posted an in-app, "dismissible,"<sup>46</sup> pop-up message, a true and correct copy of which is

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<sup>44</sup> Hannah Miller, *Crypto Lender BlockFi Suspends Withdrawals in FTX Contagion*, BLOOMBERG (Nov. 10, 2022, 8:33 PM), <https://www.bloomberg.com/news/articles/2022-11-11/blockfi-pauses-withdrawals-says-can-no-longer-operate-as-usual?srnd=all&leadSource=verify%20wall#xj4y7vzkg>; Elaine Yu, *Crypto Lender BlockFi Halts Withdrawals, Citing FTX's Problems*, WALL ST. J. (Nov. 10, 2022, 11:55 PM), <https://www.wsj.com/articles/crypto-lender-blockfi-halts-withdrawals-citing-ftxs-problems-11668142538>.

<sup>45</sup> See *Crypto Lender BlockFi Suspends Withdrawals in FTX Contagion*, STRAITS TIMES (Nov. 11, 2022, 5:43 AM), <https://www.straitstimes.com/business/crypto-lender-blockfi-suspends-withdrawals-in-ftx-contagion>.

<sup>46</sup> A "dismissible," pop-up in-app message (the "Dismissible Messages"), requires all BlockFi clients to affirmatively click a button on the home screen of the User Interface to "dismiss" the message before they can use the BlockFi platform. To post a Dismissible Message, the Debtors can utilize the marketing tool Braze, which allows them to post a message one day after Braze receives sign-off from BlockFi's legal and compliance teams. Therefore, to provide notice to the Debtors' clients as soon as possible, the Debtors posted the In-App Notice while comporting with internal legal, management, and product considerations.

attached hereto as **Exhibit P** (the “In-App Notice”), which was available to all of BlockFi’s clients using Android and iOS devices as an alert-style message in the BlockFi app, regarding the implementation of the Platform Pause. Once the In-App Notice was active, a client could not access their BlockFi account without first affirmatively clicking a button on the User Interface to “dismiss” the message.

67. At 12:17 p.m. (prevailing Eastern Time) on November 11, 2022, the Debtors published an official update on their website, a true and correct copy of which is attached hereto as **Exhibit Q** (the “Website Notice”).

68. Also at 12:17 p.m. (prevailing Eastern Time) on November 11, 2022, after clearing numerous requisite, logistical steps and obtaining requisite internal approvals, the Debtors transmitted an email all clients, a true and correct copy of which is attached hereto as **Exhibit R**, alerting all clients that the Debtors had limited platform activity to help protect all similarly situated clients, particularly in light of the deleterious impact of FTX’s bankruptcy on the cryptocurrency market.<sup>47</sup>

#### **The Debtors’ Public Communications Prior to the Platform Pause**

69. On November 8, 2022 at 11:14 a.m. (prevailing Eastern Time), a tweet was issued from the Twitter handle @FounderFlori. I understand that the context of the tweet was to provide BlockFi clients with accurate information regarding BlockFi’s operations in light of FTX.COM’s pause of withdrawals. A true and correct copy of the tweet is attached hereto as **Exhibit S**.

70. On November 10, 2022, at 9:00 a.m. (prevailing Eastern Time), a tweet was issued from the Twitter handle @BlockFi regarding news that Silvergate, BlockFi’s U.S.-based banking partner for wire and ACH withdrawals, would be closed due to observance of the federal holiday,

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<sup>47</sup> November 11, 2022, BlockFi Update (Nov. 11, 2022), <https://blockfi.com/november-11-2022-blockfi-update>.

Veteran's Day, on November 11, 2022. I understand that the context of the tweet was to notify BlockFi clients that, while wire and ACH deposits and withdrawals would have been delayed two extra business days due to Silvergate's closure on Veteran's Day, withdrawals of digital assets would be unaffected by Silvergate's closure on Veteran's Day. A true and correct copy of the tweet is attached hereto as **Exhibit T**.

71. On November 23, 2022, I understand that the Debtors published a response to clients' Frequently Asked Questions ("**FAQ**"), a true and correct copy of which is attached hereto as **Exhibit U**. The FAQ stated that clients "can continue to check the BlockFi app for accurate information regarding [their] account balances"<sup>48</sup> I understand that the purpose of that FAQ message was to direct BlockFi's clients to their app and website for reliable information regarding information about the status of their account balances, as opposed to other third-party sources that might publish incorrect information about the state of affairs of BlockFi's business.

### **The Attempted Platform Pause Transactions**

72. After the implementation of the Platform Pause, it took the Debtors approximately five hours to fully disable a client's ability to enter withdrawal and trade requests on the User Interface, and, with respect to requests to transfer to and from clients' BIAs, eight days to fully disable client-facing transfer request functionality on the User Interface for iOS and Android devices (the "**UI Delay Period**"). The process to fully disable the User Interface is complex and requires numerous engineers and UI and UX designers to both troubleshoot and disable aspects of the User Interface using code changes.

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<sup>48</sup> Responses to Frequently Asked Questions, BlockFi Update (Nov. 23, 2022), <https://blockfi.com/responses-to-frequently-asked-questions>.



73. When the Debtors made the unprecedented decision to implement a Platform Pause, they did not know the extent to which that the Platform Pause would disparately impact the client-facing transfer request functionality on the platform, which resulted in the UI Delay Period. Prior to the Platform Pause Time Stamp, the Debtors had never implemented a full or even partial freeze of their platform and they did not—and could not—foresee that it would take different periods of time to disable different client-facing transfer request functions across the Debtors’ User Interface, including clients’ ability to click the requisite buttons on the User Interface to initiate a transfer request to and from BIAs and Wallet Accounts.<sup>49</sup>

74. During the UI Delay Period, I understand that a number of clients continued to attempt to enter requests for transactions on the User Interface with respect to the digital assets in their Client Wallet Accounts (the “Attempted Platform Pause Transactions”):

- i. ***Pending Withdrawals.*** Clients requested the withdrawal of digital assets from their Wallet Accounts;
- ii. ***Attempted BIA to Wallet Transfers.*** Clients attempted to transfer digital assets from their BIA into their Wallet Accounts;
- iii. ***Attempted Wallet to BIA Transfers.*** Clients attempted to transfer digital assets from their Wallet Accounts into their BIAs;
- iv. ***Pending Trades.*** Clients requested the purchase, sale, or trade of digital assets using their Wallet Account assets; and
- v. ***Attempted Posting of Loan Collateral.*** Clients attempted to post loan collateral using their Wallet Account assets.

75. I understand that until the Debtors were fully able to disable the client-facing transaction request functionality on the User Interface, the User Interface continued to improperly

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<sup>49</sup> During the approximately week-long May 2022 collapse of the stablecoins TerraUSD (“UST”) and LunaClassic (“LUNA”), the Debtors froze specific trading pairs with LUNA and UST, but unlike the Platform Pause, trading as a function of the platform remained fully functional.

display balances as if the Attempted Platform Pause Transactions had been completed and the Company-Facing Interface continued to automatically collect and queue transfer request data.

**Top 50 List; Schedules and Statements**

76. Prior to the Petition Date, I understand that the Debtors extracted data directly from the Company-Facing Interface in connection with the preparation of certain filings related to the commencement of these chapter 11 cases, including the Top 50 List. The Debtors utilized the data available to them on the Debtors' Company-Facing Interface because it is the Debtors' only system that captures data at a client-level.

77. During these chapter 11 cases, the Debtors included client-level data from the Company-Facing Interface, adjusted to account for the Attempted Platform Pause Transactions, to draft their Schedules and Statements. The Debtors attempted to reflect in their Schedules and Statements the fact that Attempted Platform Pause Transactions were not effectuated, and any assets related thereto remained in the Rehypothecateable Wallets (and in clients' BIAs) through the Petition Date. To do that, as described above, with respect to BIA Interest, the Debtors' BIA Interest claims published on the Debtors' Schedules and Statements (filed on January 12, 2023) were manually calculated by reference to the digital assets that were reflected in BIA on the User Interface at a client level as of the Platform Pause Time Stamp with interest calculated for the period of November 1, 2022, through November 28, 2022.

78. It is my understanding that, for certain clients who initiated requests to transfer digital assets from their BIAs to Client Wallet Accounts on November 11, 2022 after 01:15 UTC and until 23:59 UTC, the BIA Interest calculation reflected in the Debtors' Schedules and Statements is not correct. The figure reflected on the Schedules and Statements reflects an incorrect calculation with respect to the BIA *Interest* for certain clients who initiated requests to

transfer on that date after 01:15 UTC. However, the scheduled BIA *balance* for these certain clients is correct, as the interest accrual was a separate manual calculation.

79. This manual calculation error applied only to BIA Interest on that one date (November 11, 2022 after 01:15 UTC time), and does not affect the accuracy of the scheduled amounts with respect to BIA balance for all clients or BIA Interest for those over 25,360 clients who initiated requests to transfer from their BIA to Client Wallet Accounts beginning on November 12, 2022 UTC or later. The Debtors intend to correct this issue by filing an amended Schedule with an accurate BIA Interest calculation with respect to those 23,238 clients who initiated requests to transfer on November 11, 2022 after 01:15 UTC until 23:59 UTC.

**The Relief Requested Is Necessary**

80. In order to facilitate withdrawal requests from the Client Wallet Accounts, the Debtors must be authorized to update the User Interface so that it properly reflects platform activity as of the Platform Pause Time Stamp. Absent such relief, certain clients will have an improper picture of what digital assets are currently available in their Client Wallet Accounts and there will be no way to honor all withdrawals.

81. Moreover, the notional amount of digital assets in the Custodial Omnibus Wallets is \$296,950,551.82,<sup>50</sup> which reflects the amounts in the Client Wallet Accounts as of the Platform Pause Time Stamp, taking into account post-Platform Pause client deposits and the DOJ Seizure, plus a very small surplus. The notional value of the Attempted BIA to Wallet Transfers is \$375 million. Of the approximately \$375 million of Attempted BIA to Wallet Transfers, approximately \$291.6 million was subsequently requested to be withdrawn to an external wallet. Today, there

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<sup>50</sup> As of April 1, 2023. Price conversion using end-of-day digital asset prices at 11:59 p.m. UTC on November 10, 2022.

are not sufficient digital assets in the Rehypothecateable Wallets to fully effectuate the True-Up Process. Therefore, it is not possible for the Debtors to undertake the True-Up Process and Batching Process, which are necessary to effectuate a transfer from BIAs to the Client Wallet Accounts and subsequently to effectuate the off-platform withdrawals to external wallets from the Custodial Wallet Accounts. Consequently, it is also not possible for the Debtors to reflect digital assets that are the custody of the Debtors' clients in a notional amount more than the approximately \$297 million in the Client Wallet Accounts, and certainly the Debtors could not reflect an additional \$375 million as the Ad Hoc Committee suggests in their objection.

82. In the event that the Attempted Platform Pause Transactions were to be treated as "complete," I understand that the Debtors will not be able to satisfy client withdrawal requests from the Omnibus Wallet Accounts. A large portion of the Attempted Platform Pause Transactions were attempted by clients who sought to move digital assets from their BIAs (*i.e.*, accounts where digital assets contained therein can be rehypothecated) to their Client Wallet Accounts (*i.e.*, custodial accounts), and then subsequently withdraw such digital assets from their Client Wallet Accounts. If the Debtors were now forced to take the requisite steps (*i.e.*, the True-Up Process and the Batching Process) to effectuate the Attempted Platform Pause Transactions, the Debtors would be unable to transfer sufficient digital assets from the omnibus accounts maintained for their other product offerings to true-up the Custodial Omnibus Wallets and, consequently could not honor all requested client withdrawals as of the Platform Pause Time Stamp.

83. For all practical purposes, the Debtors are unable to utilize a different time stamp to restore the User Interface. Beginning at the moment of the Platform Pause Time Stamp, the Attempted Platform Pause Transactions, including the Attempted BIA to Wallet Transfers, were not effectuated on a go-forward basis. Utilizing a different Platform Pause Time Stamp would

force the Debtors to take the requisite steps to move digital assets amongst their Rehypotheccateable Wallets to true up the Custodial Omnibus Wallets to match the request data collected by the Company-Facing Interface to effectuate Attempted Platform Pause Transactions that were requested following the Platform Pause Time Stamp, but never occurred. The Debtors simply do not have the digital assets on hand to true up the Custodial Omnibus Wallets to permit in-kind withdrawals. Consequently, failure to grant the relief requested by the Wallet Withdrawal Motion would undermine the principal purpose of the Platform Pause, which was permitted without prior notice under the BlockFi General Terms of Service: to maintain the status quo for all similarly situated clients during a period of unforeseen disruption.

84. Additionally, I believe that if the Debtors were forced to adjust the User Interface to reflect platform activity as of any other time stamp besides the Platform Pause Time Stamp, such an adjustment would not only jeopardize the Debtors' ability to satisfy all withdrawal requests from the Custodial Omnibus Wallets, but would unfairly prejudice clients who stopped attempting to trade, transfer, or withdraw their digital assets pursuant to the Debtors' Platform Pause, while unjustly benefiting those who continued to attempt such activities following the Platform Pause.

85. In order to satisfy client withdrawal requests that are requested after entry of an order granting the relief requested in the Wallet Withdrawal Motion, the Debtors must first update the User Interface to properly reflect the digital assets contained in the Client Wallet Accounts as of the Platform Pause Time Stamp. That could be accomplished, and clients could then withdraw the cryptocurrency in the Custodial Omnibus Wallets as of the Platform Pause Time Stamp, if the Court grants the relief requested by the Debtors in the Wallet Withdrawal Motion.

I, Amit Cheela, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury that the foregoing statements are true and correct.

Dated: May 2, 2023

/s/ Amit Cheela

Name: Amit Cheela

Title: Chief Financial Officer  
BlockFi Inc.

**Exhibit A**

**BlockFi General Terms of Service**



☰ Terms of Service

TERMS OF SERVICE

# Terms of Service

Welcome to the BlockFi website and BlockFi mobile app. The following Terms of Service (the “Terms”) govern your access to and use of blockfi.com and the BlockFi mobile app (collectively, the “Online Platform”). Certain sections of the Terms govern your user, borrower and other accounts (your “BlockFi Account”) accessed via the Online Platform. All use of the Online Platform and your BlockFi Account is subject to the Terms. Additional terms incorporated into and made a part of these Terms govern specific services we or our affiliates may provide to you, such as crypto interest accounts, non-interest-bearing crypto accounts, cryptocurrency trading, ACH transfers, and credit card rewards.

By applying for a BlockFi Account or using the Online Platform, you acknowledge that you have read, understood and agree to comply with the Terms. If you do not agree with anything contained in the Terms, please do not submit information to, access information from, or otherwise utilize the Online Platform.

In the Terms, users of this Online Platform and holders of BlockFi Accounts, including owners, employees, agents and affiliates of any business, corporation, partnership or other entity that is a user, borrower or investor, are sometimes referred to in the Terms as “you” or “your.” The applicable operator of the Online Platform, BlockFi, Inc., a Delaware corporation, if you are a resident in the United States of America or a partnership or corporation organized or incorporated under the laws of the United States of America (“US client”) and BlockFi International Ltd., a Bermuda exempted company which holds a Class F (full) license from the Bermuda Monetary Authority to conduct digital assets business, if you are a resident outside of the United States of America or a partnership or corporation that is not organized or incorporated under the laws of the United States of America (“Non-US client”) is referred to as “BlockFi,” “we,” “us” or “our” in the Terms. Together, you and we may be collectively referred to as “Parties.”

## Modifications to the Terms of Service

BlockFi reserves the right to make changes to the Terms at any time. It is your responsibility to review the Terms from time to time to see if modifications have been made. Your continued use



of the Online Platform after any modification of the Terms will conclusively indicate that you accept those changes. Notwithstanding the above, we will seek your consent to future modifications to the Terms to the extent we are required to do so by law.

### **Electronic Communication**

We, or our affiliated BlockFi entities, may be required to provide certain legal and regulatory disclosures, periodic statements and confirmations, notices, tax forms and other communications (collectively “Communications”) to you in written form. By agreeing to these Terms, you consent to BlockFi delivering such Communications to you in electronic form, including e-mail. Consent for electronic delivery applies to every year the Communications are furnished. If you no longer have access to your account to receive the Communications in electronic format, then you may request the Communication in written form.

You agree that all terms and conditions, agreements, notices, disclosures and other communications that we provide to you electronically satisfy any legal requirement such communications would satisfy if they were provided in writing. BlockFi will use reasonable efforts to honor any request you may have to opt out from receiving certain e-mails. With respect to these Terms, you waive any rights to require an original (non-electronic) signature or delivery or retention of non-electronic records, to the extent such waiver is not prohibited under applicable law.

### **Privacy Policy**

Your privacy is very important to us. We encourage you to read BlockFi’s Privacy Policy (located at <https://blockfi.com/privacy>) (the “Privacy Policy”), which explains how we treat your personal information and protect your privacy when you are using the Online Platform. By using the Online Platform, you agree that BlockFi may use your personal information as set forth in the Privacy Policy. BlockFi’s Privacy Policy is hereby incorporated in the Terms by reference in its entirety.

### **Registration**

Basic access to the Online Platform is publicly accessible. However, to use certain features of the Online Platform, you must complete the registration process by verifying your email address. Once registered, a BlockFi Account will be created for you to access your application and other resources.

When you open a crypto interest account, your use of that account is governed by the Interest Account Terms, located at <https://www.blockfi.com/interest-account-terms>, which are incorporated by reference into these Terms. When you open a non-interest-bearing crypto account, your use of that account is governed by the Wallet Terms, located at <https://blockfi.com/wallet-terms>. All purchases, sales, and similar transactions of eligible cryptocurrency are governed by the BlockFi Trading Terms, located at <https://www.blockfi.com/trading-terms>, which are incorporated by reference into these Terms.

You agree that the registration information you provide is accurate, complete and current. You further agree to promptly update that information to keep it accurate, complete and current. YOU UNDERSTAND THAT A CHANGE IN YOUR STATE OR COUNTRY OF RESIDENCE MAY

IMPACT YOUR ELIGIBILITY TO ACCESS AND USE THE ONLINE PLATFORM, AND HEREBY AGREE TO NOTIFY US IN ADVANCE OF ANY CHANGE IN YOUR STATE OF RESIDENCE.

If you register on behalf of a business entity or other organization, you represent and warrant that you have the authority to provide the information required and to bind the organization to the Terms. You acknowledge and agree that BlockFi, in its sole discretion, may suspend or discontinue your, and refuse any and all current and future, access to or use of you BlockFi Account at any time without notice to you.

### **Identity Verification**

As a regulated financial service company operating in the United States and Bermuda, we are required to identify clients on our platform. Identification ensures we remain in compliance with applicable information reporting requirements in the jurisdictions in which we operate, something that is necessary for us to be able to continue to offer digital currency services to our clients. BlockFi collects and verifies your personal and financial information. We also may obtain personal information from third parties in order to verify your identity, or to prevent fraud. Personal information collected from any source may include, among other things, your name and address, Social Security or taxpayer identification number, and date of birth. You certify under penalty of perjury that the information provided is correct. You hereby authorize us, or a third-party service provider that we designate, to take any measures that we consider necessary to confirm the personal information you provide, verify and authenticate your personal information, and take any action we deem necessary based on the results. You acknowledge that this process may result in a delay in registering your BlockFi Account, and that you may not be authorized to access or use your BlockFi Account until your registration has been successfully completed.

You authorize your wireless carrier to use or disclose information about your account and your wireless device, if available, to BlockFi or its service provider for the duration of your business relationship, solely to help them identify you or your wireless device and to prevent fraud. See our Privacy Policy for how we treat your data.

### **W-9 Certification**

**If you are a United States person, then as a condition of using BlockFi's services you certify under penalties of perjury that:**

- 1. The Social Security number or Employer Identification Number you provide is correct; and**
- 2. You are not subject to backup withholding due to the failure to report interest and dividend income.**

### **Account Security and Password**

BlockFi disclaims all liability, and you acknowledge and agree that we will not be liable, for or in connection with any harm or damages to you or to any party resulting from the theft or unauthorized use of your user ID or password. Data transmitted via the Online Platform may use a Secure Sockets Layer (SSL) protocol, and data may be encrypted on some pages of the Online Platform. To the extent such technology is utilized on a given page, you may be unable to use

certain account or customization features of the Online Platform unless your web browser software supports such encryption. Please note that no technology can be considered completely secure or impenetrable and internet protocols and other public and/or proprietary technology used or accessed by the Online Platform may be vulnerable to exploitation or compromise by persons engaged in hacking or criminal conduct. Subject to applicable law, BlockFi shall have no liability to you for any such exploitation or criminal conduct by third parties.

As part of our legal compliance program ("AML Program"), we will monitor your BlockFi Account and your use of the Online Platform, and review your personal information on an ongoing basis, as may be required by law or pursuant to our internal policies and procedures. At any time, we may require you to provide us with additional personal information as a condition to your continued access to and use of your BlockFi Account and the Online Platform. During such time, your access to and use of your BlockFi Account and the Online Platform may be temporarily restricted.

### **Potentially Fraudulent Activity**

Any actual or suspected unauthorized access or unauthorized activity will be treated by us as potentially fraudulent ("Potentially Fraudulent Activity"). You agree to notify us immediately if you become aware of or suspect any Potentially Fraudulent Activity by submitting a support ticket [here](#). For avoidance of doubt, you are deemed to be aware of Potentially Fraudulent Activity upon receipt of any notice of the occurrence of such activity. Upon receipt of written notice from you of any Potentially Fraudulent Activity, we will take reasonable steps to protect your BlockFi Account, including, for example, by temporarily restricting access to your BlockFi Account, suspending any pending transactions, or requiring you to change your login credentials. You agree to promptly report any Potentially Fraudulent Activity to legal authorities if required by applicable law, and to provide us a copy of any report prepared by such legal authorities. In the event of a legal investigation of any Potentially Fraudulent Activity, you further agree to (i) cooperate fully with the legal authorities and BlockFi in such investigation; (ii) complete any required affidavits promptly, accurately and thoroughly; and (iii) allow BlockFi, or any third-party designated by us, access to your mobile device, computer, and network as may be relevant to such investigation. Failure to cooperate in any such investigation may cause delays in regaining access to your BlockFi Account and any funds held within.

### **Acceptable Use of the Online Platform**

You agree that any information that you provide (about your identity, finances, and relationships) is accurate, correct, and up to date. You agree that you are 18 years of age or older; able to form a binding contract with us; and are acting on your own behalf (and have not been banned, terminated, or otherwise denied access to the Online Platform by BlockFi or by law).

Accessing the information, resources, services, products and tools of this Online Platform by any other means than we provide is strictly prohibited. You specifically agree not to access or tamper with the Online Platform, for any purpose, through any automated, unethical or unconventional means, including accessing or collecting personally identifiable information or account information (including user names, passwords, e-mail addresses or other personal, financial or contact information) with respect to BlockFi users, borrowers, investors, lenders or employees.

You may not violate, interfere with, impair or circumvent the ordinary operation, security, privacy or mission of the Online Platform or BlockFi's products, services or data, including overburdening, spamming, engaging in a denial of service attack or similar activities (or attempt to do any of the above).

You are solely responsible for all activity that occurs on or under your BlockFi Account (whether or not expressly authorized by you), and for maintaining the confidentiality of your login details. BlockFi shall have no liability to you or any other person for acts or omissions made or committed by your agent, representative or third-party service provider in respect of your BlockFi Account.

You will not transmit to BlockFi or make available on or upload any information to the Online Platform that: (i) is commercial or promotional in nature; (ii) is unlawful, harmful, deceptive, or otherwise violates the legal rights or privacy of others; (iii) is capable of giving rise to legal action whether against you or BlockFi or any affiliate third party; (iv) infringes any patent, trademark, trade secret, copyright, or other property rights of any party; (v) impersonates any person or entity (including BlockFi or its employees and representatives); or (iv) contains viruses, malware or any program, code or technology designed to disrupt, intercept, impair or destroy the functionality of the Online Platform or its software, data or network.

BlockFi reserves the right to edit, restrict or remove any content you provide for any reason at any time. In addition, BlockFi does not control any information provided by other users that may be made available on or through the Online Platform. Notwithstanding BlockFi's rights under the Terms, BlockFi does not undertake, and shall not be obligated, to monitor the submission of any content to, or the publication of any content on, the Online Platform at any time. BlockFi reserves the right to refuse service, terminate relationships, and cancel orders or transactions in its discretion.

By submitting information, feedback or other material to BlockFi, including on or through the Online Platform or your BlockFi Account, you: (i) acknowledge that such information is non-confidential, except for any personal and financial information; (ii) grant BlockFi a perpetual, worldwide, royalty-free, irrevocable, transferable, sublicenseable, fully paid-up right to copy, use, reproduce, modify, adapt, publish, create derivative works from, translate, transmit, display, distribute, market, promote, sell or offer for sale, rent or lease such information or materials in any form or medium known or later developed; and (iii) agree that you will have no claim against for any actual or alleged infringement of any proprietary rights, rights of privacy or publicity, moral rights or rights of attribution in connection with our use of any content you provide.

### **Prohibited Uses**

You agree and understand that BlockFi does not permit the use of the Online Platform for any prohibited activity in a BlockFi Account including but not limited to transfers to and/or from mixing services used to obscure the source of funds, third party wallets, peer-to-peer and other exchanges which do not perform Know Your Customer (KYC) screening as part of their onboarding process, funds from gambling sites, funds belonging to darknet market places or illegal activity that would violate, assist in violation of, or cause BlockFi to violate any Applicable Laws (as defined below in Regulation section) or which would involve proceeds of any unlawful activity (collectively, "Prohibited Uses").

BlockFi retains the right to immediately suspend your account, return funds and freeze/close accounts, if we suspect, in our sole discretion, any such accounts to be in violation of our Prohibited Uses policy.

### **Supported Digital Assets**

A list of digital assets that BlockFi currently supports is available via the Online Platform. BlockFi may discontinue support for a digital asset at any time and for any reason at our sole discretion, including due to changes in a given digital asset's characteristics or due to a change in the digital asset's regulatory classification.

YOU WILL NOT BE ABLE TO RETRIEVE ANY UNSUPPORTED DIGITAL ASSET WHICH YOU ATTEMPT TO TRANSFER TO BLOCKFI, OR ANY OTHER ASSET WHICH YOU ATTEMPT TO TRANSFER TO AN UNSUPPORTED WALLET OR USING AN UNSUPPORTED NETWORK. BLOCKFI ASSUMES NO LIABILITY, OBLIGATION OR RESPONSIBILITY WHATSOEVER WITH RESPECT TO ANY UNSUPPORTED DIGITAL ASSET, OR ANY ASSETS TRANSFERRED TO AN UNSUPPORTED WALLET OR USING AN UNSUPPORTED NETWORK.

### **Network Control**

BlockFi does not own or control any of the underlying software through which blockchain networks are formed and cryptocurrencies are created and transacted. In general, the underlying software for blockchain networks tends to be open source such that anyone can use, copy, modify, and distribute it. By using the Online Platform, you understand and acknowledge that BlockFi is not responsible for the operation of the underlying software and networks that support cryptocurrencies and that BlockFi makes no guarantee of functionality, security, or availability of such software and networks.

### **Forks**

The underlying network protocols are subject to sudden changes in operating rules, and third parties may from time to time create a copy of a digital asset network and implement changes in operating rules or other features ("Forks") that may result in more than one version of a network (each, a "Forked Network") and more than one version of a digital asset ("Forked Assets").

Forked Networks and the available supply of any Forked Assets are wholly outside of the control of BlockFi, and our ability to deliver Forked Assets resulting from a Forked Network may depend on third parties outside of BlockFi's control. You understand and acknowledge that Forks may materially affect the value, function, and even the name of the digital assets associated with your BlockFi Account. In the event of a Fork, BlockFi may temporarily suspend certain services on the Online Platform (with or without advance notice to you) while we determine, at our sole discretion, which Forked Network(s) to support.

BLOCKFI IS UNLIKELY TO SUPPORT MOST FORKED NETWORKS AND MOST FORKED ASSETS WILL LIKELY NOT BE MADE AVAILABLE TO YOU. BLOCKFI MAY DETERMINE, IN OUR SOLE DISCRETION, NOT TO SUPPORT A FORKED NETWORK. YOU HAVE NO RIGHT, CLAIM, OR OTHER PRIVILEGE AGAINST BLOCKFI TO FORKED ASSETS ON SUCH UNSUPPORTED FORKED NETWORK. BLOCKFI MAY, IN OUR SOLE DISCRETION, DETERMINE OUR APPROACH TO SUCH

FORKED ASSETS, WHICH MAY INCLUDE ABANDONING OR OTHERWISE ELECTING NOT TO SUPPORT SUCH FORKED ASSETS AS PART OF OUR SERVICES.

## **Airdrops**

In the event that a digital asset network attempts to or does distribute (sometimes called “airdropping” or “bootstrapping”) additional digital assets to or through its digital asset network, such network shall become a Forked Network and subject to the terms set forth above.

BLOCKFI DOES NOT SUPPORT AIRDROPS OR TOKENS OR COINS WHICH SUPPLEMENT OR INTERACT WITH A DIGITAL ASSET NETWORK SUPPORTED BY BLOCKFI. YOU SHALL NOT USE BLOCKFI OR ANY OF ITS SERVICES OR ACCOUNTS TO ATTEMPT TO RECEIVE, REQUEST, SEND, STORE, OR ENGAGE IN ANY OTHER TYPE OF TRANSACTION INVOLVING AIRDROPS OR TOKENS OR COINS WHICH SUPPLEMENT OR INTERACT WITH A DIGITAL ASSET NETWORK SUPPORTED BY BLOCKFI. YOU WILL NOT BE ABLE TO RETRIEVE ANY UNSUPPORTED DIGITAL ASSET. BLOCKFI ASSUMES NO LIABILITY, OBLIGATION OR RESPONSIBILITY WHATSOEVER IN RESPECT TO ANY UNSUPPORTED DIGITAL ASSET.

## **Hosted Wallets**

Except as set forth in terms specific to your BlockFi account, digital assets you purchase from us shall be accessible via Online Platform in one or more omnibus wallets, via a third-party custodian. You can learn more about these arrangements at <https://blockfi.com/securely-stored-assets/>. BlockFi will track the balance and ownership of digital assets stored through the Online Platform in hosted wallets, and you can view the balance of digital in your BlockFi Account through the Online Platform.

## **Fees**

A schedule of our fees is accessible at <https://blockfi.com/fees/>. Fees are subject to change, at our sole discretion, and you understand and acknowledge that you are solely responsible for accessing the fee schedule prior to engaging in any services on our Online Platform.

## **Taxes**

BlockFi will issue 1099 tax forms to persons identified as U.S. citizens or residents who trigger certain taxable transactions. The information reported on 1099 tax forms are also reported to the IRS. As such, information on 1099 tax forms should be incorporated into tax returns for each taxable year that 1099 tax forms are received.

In addition to 1099 tax forms, BlockFi may also provide other tax figures (e.g., real-time tax positions, unrealized gain/loss positions, and forms 8949). Such tax figures and reports may not represent your overall tax position, as BlockFi only provides tax figures and reports relating to transactions on BlockFi, not to other service providers. Cost basis originating outside BlockFi that was entered using the options BlockFi provides will not appear on your 1099 tax forms. Such tax figures are provided as a matter of convenience and for your benefit. Aside from the 1099 tax forms described above, BlockFi is not responsible for and carries no liability as to the accuracy of the tax figures and reports provided. Please consult with your tax advisor when filing your tax return.

BlockFi allows users to opt into tax loss harvesting. Please be aware that tax loss harvesting may carry risks and associated costs. There are no guarantees that a trade or a buyback will be executed, as there may be market conditions or operational risks. BlockFi has no knowledge, nor can we guarantee, that any loss generated will be advantageous to your specific tax position. You acknowledge that there is potential market volatility, costs, and associated risks with trading and re-purchasing an asset.

If you traded on platforms other than BlockFi, then we may not have all of the acquisition information necessary to provide you with a full picture of potential gains and losses. To obtain a full picture of your potential gains and losses you need to resolve any missing cost basis that is present in your account. If you are missing the cost basis for certain assets then BlockFi's tax optimizer will prioritize known cost basis transactions first. If you subsequently add cost basis using the options BlockFi provides then your gain and loss calculations may change. BlockFi is not responsible for and carries no liability for the accuracy of cost basis information originating outside of BlockFi.

### **Regulatory**

BlockFi Inc., is registered with the U.S. Department of Treasury Financial Crimes Enforcement Network ("FinCEN") as a money services business ("MSB"). As a registered MSB, BlockFi Inc., is subject to the Bank Secrecy Act and its implementing regulations (collectively, the "BSA") which set out the requirements imposed upon financial institutions to implement policies and procedures reasonably designed to detect and prevent money laundering and terrorist financing. BlockFi International Ltd. holds a Class F digital assets business license from the Bermuda Monetary Authority. As a regulated financial institution, BlockFi International Ltd., is subject to the Bermuda Proceeds of Crime Act, 1997 and rules and regulations thereunder which set out the requirements imposed under Bermuda law upon regulated financial institutions to implement policies and procedures reasonably designed to detect and prevent money laundering and terrorist financing. Your access to and use of the Services is subject to compliance with BlockFi's AML Program.

Certain of BlockFi Inc's subsidiaries maintain licenses to lend money and to engage in money transmission activities in certain states, and these licenses may impact our provision and your use of certain services on the Online Platform depending on where you live.

Transactions in digital assets are subject to applicable laws, regulations, and rules of federal and state governmental and regulatory authorities (collectively, "Applicable Laws"). Compliance with Applicable Laws may include compliance with any guidance or direction of any regulatory authority or government agency, any writ of attachment, lien, levy, subpoena, warrant, or other legal order (collectively, "Legal Orders"). You understand and acknowledge that in no event will BlockFi be obligated to affect any transaction it believes would violate any Applicable Law. You further understand and acknowledge that BlockFi is not responsible for any losses, whether direct or indirect, that you may incur as a result of BlockFi's good faith efforts to comply with any Applicable Law, including any Legal Order.

### **BlockFi's Intellectual Property**

All rights, title, and interest in and to the Online Platform and the Content (defined below) and any all intellectual property contained therein or relating thereto, including any copyright,

patent or trademark, are and will remain the exclusive property of BlockFi or its licensors, as applicable. The “Content” includes all contents of the Online Platform, including any logos, identifying marks, images, illustrations, designs, icons, photographs, videos, text and other written and multimedia materials, all of BlockFi’s loan information (including rate information) and requirements, products, services, advertising materials or collateral, log-in or registration criteria and instructions, help guidelines, user documentation and customer and technical support documents, and the Online Platform’s likeness, look and feel, format, layout, software, code (whether binary, assembly, source, object, HTML or otherwise), routines, scripts, software, platforms and applications, as well as any data, files, archives, folders or downloads available on the Online Platform.

Subject to the terms and conditions of the Terms, we grant you a limited, non-transferable, non-sublicenseable, non-exclusive, revocable license to use the Online Platform and the Content for personal use until such time as the Terms terminate or expire or your right to use or access the Online Platform is terminated in accordance with the Terms.

Except as explicitly permitted by the Terms, you may not, and you may not allow others to, sell, copy, modify, correct, enhance, create derivative works from, publish, store or in any way distribute or otherwise exploit, including for any purpose competitive to BlockFi, any Content. You may not, and you may not allow others to: (i) decompile, reverse engineer, convert or otherwise extract or disclose the underlying script, code (whether binary, assembly, source, object, HTML or otherwise) or structure of any Content, or (ii) remove or alter authorship attribution or copyright notices or similar information on the Online Platform or any products or materials embodying or containing any Content.

Any violation of the provisions of the Terms regarding BlockFi’s Intellectual Property may subject you to compensatory and punitive damages, and shall specifically also entitle BlockFi to equitable relief (including an injunction), in addition to (and not in substitution or replacement for) any other available remedies at law or in equity, without the need for the posting of a bond or any other requirement.

#### **No Solicitation or Offering; No Advice**

Except as otherwise expressly noted, the Content and the Online Platform do not constitute an offer to buy or sell or a solicitation of an offer to buy or sell investments, loans, securities, partnership interests, commodities or any other financial instruments; the Content and the Online Platform also do not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any state or jurisdiction in which such an offer or solicitation is not authorized or permitted, or to any person to whom it is unlawful to make such offer or solicitation.

The past performance of any investment, loan, security, partnership interest, commodity or financial instrument is not a guide to future performance. WITHOUT LIMITING ANYTHING IN THE TERMS, BLOCKFI MAKES NO WARRANTIES AND BEARS NO LIABILITY WITH RESPECT TO ANY FUND, ANY INVESTMENTS, SECURITIES, PARTNERSHIP INTERESTS, LOANS OR THE PERFORMANCE THEREOF.

While BlockFi may make certain informational Content available to its users, under no circumstances does BlockFi provide legal, tax, investment, financial, estate-planning,



accounting, or any other advice. BlockFi may use automated systems in conjunction with: the receipt and handling of orders; the reporting of order acknowledgements, cancelations, and executions; the settlement of transactions; tax and cost basis reporting; and similar recordkeeping and reporting services (collectively, "Automated Systems"). The use of Automated Systems entails risks, including but not limited to interruption of service, systems of communications failures, delays in service, cyberattacks, and errors in the design or functionality of such Automated Systems that could cause damage, expense, or liability to the user. BlockFi makes no representations or warranty of any kind, express or implied, with respect to the selection, design, security, functionality, or operation of such Automated Systems. BlockFi expressly disclaims any representation that any Automated System will operate uninterrupted or be error-free.

Although BlockFi may provide information relating to investment approaches and opportunities to buy or sell assets, you should not construe any features, tools, or other content as legal, tax, investment, financial, or other advice. Nothing contained in BlockFi's Online Platform constitutes a solicitation, recommendation, endorsement, or offer by BlockFi or a third party service provider to buy or sell any asset or other financial instrument.

The Content and the views expressed in the Content do not necessarily reflect the views of BlockFi as a whole, its directors, officers, employees, shareholders or any part or member thereof or of any third party.

### **Forward-Looking Statements**

Certain statements on the Online Platform, including within the Content, may constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause actual returns of funds, investments, securities or loans to be materially different from any future returns or values expressed or implied by such forward-looking statements. Forward-looking statements typically include words such as may, will, expect, believe, plan, expect, anticipate, intend and other similar terminology. These statements reflect current expectations regarding future events and speak only as of the date of being posted to the Online Platform. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or returns, and will not necessarily be accurate indications of whether or not such returns will be achieved. Given these uncertainties and risks, users of the Online Platform, including any person who may or has invested in any offering made by or on behalf of BlockFi or its subsidiaries or affiliates, are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements should not be interpreted as advice and are in no way a form of solicitation, offering, or advice for BlockFi's loan product. The purpose of these forward-looking statements is merely to further explain our products and services and for marketing purposes and should be interpreted as purely speculative.

A variety of factors could cause the actual results and developments of any fund, investment, security or loan to differ significantly from the results and developments forecasted and implied. Although forward-looking statements contained in the Online Platform, if any, are based upon what BlockFi and its advisors believe are reasonable assumptions, BlockFi cannot assure you that actual results, returns or events will be consistent with these forward-looking statements. Forward-looking statements are made as of the date of being posted to the Online Platform, and BlockFi and its subsidiaries and affiliates assume no obligation, and expressly disclaim any

obligation, to update or revise forward-looking statements contained in or incorporated by reference into the Online Platform or the Content or any information supplemental thereto to reflect new information, future events or circumstances or otherwise.

### **Third-Party Websites and Content**

The Online Platform may contain links or connections to third party websites. Any such link or connection is provided only as a convenience and should be used at your own risk. BlockFi has no control over any such other websites, the contents thereof or the products, services or policies represented. The existence of any link or other connection does not imply any affiliation, sponsorship, endorsement, approval, investigation, representation, warranty, verification or monitoring by BlockFi or create any liability on the part of BlockFi in respect of such link or connection. Your use of any such third-party websites is governed by the privacy policies of those sites, which we encourage you to review before using such sites.

BlockFi will have no responsibility for any liabilities arising from or related to the contents of any third-party website or the use of any such website (including any mobile website) or the privacy policies and customer information practices of any such website.

### **Termination; Survival of Provisions**

If you are not in full compliance with all of these Terms, the permissions granted to you under these Terms will automatically terminate, and in such circumstance, you will no longer use or access, or be entitled to use or access, the Online Platform, the Content or any BlockFi Account.

BlockFi may terminate your right to use the Online Platform, or block you from future use, at any time in its sole discretion, with or without cause, and without notice to you. Some circumstances in which BlockFi may exercise this right to terminate your right to use the Online Platform include, but are not limited to: (i) you have breached any provision of the Terms; (ii) you have engaged in conduct which BlockFi, in its sole discretion, considers to be unacceptable; (iii) BlockFi is required by law to do so; or (iv) BlockFi no longer provides the Online Platform. The above are only examples of circumstances in which BlockFi may terminate your right to use the Online Platform and BlockFi may terminate your right to use the Online Platform for any other reason in its sole discretion. We will not be liable to you due to or by reason of our termination of your right to use the Online Platform or the automatic termination of your right to use the Online Platform for non-compliance set forth above.

Any ongoing obligations on you, and the provisions relating to: (i) BlockFi's Intellectual Property; (ii) No Solicitation or Offering; (iii) BlockFi's Remedies; (iv) Indemnification; (v) Limitation of Liability; (vi) General, and (vii) any other provisions designed to survive, will survive any termination or expiration of the Terms for any reason.

### **BlockFi's Remedies**

Without prejudice to BlockFi's other rights under the Terms, if you breach the Terms in any way, BlockFi may take such action as BlockFi deems appropriate to deal with the breach, including suspending your access to the Online Platform, prohibiting you from accessing the Online Platform, blocking computers using your IP address from accessing the Online Platform, contacting your internet service or other telecommunications provider to request that it block

your access to the Online Platform and bringing court proceedings or taking other legal action against you. If you violate the Terms, BlockFi will be entitled, at any time, to bring an action or proceeding for specific performance, injunctive relief or other equitable relief in addition to (and not to the exclusion of or in substitution for) any other remedies at law or in equity.

### **Indemnification**

You agree to indemnify and hold BlockFi and its affiliates, agents, officers, and employees from and against any suit, action, claim, demand, penalty or loss, including reasonable attorneys' fees and expenses and any amount paid in settlement to a third party, made by or resulting from any third party (including any government agency or body) due to, in connection with or arising out of (i) your use of the Online Platform, the Content, or your BlockFi Account, (ii) any breach or alleged or claimed breach of the Terms or the materials it incorporates by reference, including the Privacy Policy, (iii) your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or (iv) any act or omission by your agent, representative or third-party service provider while using your BlockFi Account, regardless of whether the specific use was expressly authorized by you.

### **Limitation of Liability**

BlockFi and its affiliates, agents, officers, and employees will not be liable to you under any theory of liability — whether based in contract, tort, negligence, strict liability, warranty, or otherwise — for any indirect, consequential, exemplary, incidental, punitive or special damages or lost profits, even if BlockFi has been advised of the possibility of such damages.

The total liability of BlockFi for any claim arising out of or relating to these Terms or our Services, regardless of the form of the action, is limited to the amount paid, if any, by you to access or use the Online Platform.

### **Your Use and Access Outside of the United States**

We make no claims that the Online Platform or the Content are appropriate for or may be downloaded or accessed outside of the United States. If you access the Online Platform from outside the United States, you do so at your own risk and are responsible for compliance with the applicable laws of the country or jurisdiction where you may be located. You may not use or export any content of the Online Platform in violation of U.S. export laws and regulations or any other U.S. or foreign federal, state or local statute, rule or regulation. The Content is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. BlockFi makes no representations that the Content is appropriate for use in all locations, or that the transactions, products, loans, financial instruments or services indicated or discussed on the Online Platform are available or appropriate for sale or use in all jurisdictions, or countries or by all investors or counterparties.

### **Restricted Jurisdictions**

You may not register a BlockFi Account or use the Online Platform if you are a resident of any jurisdiction in which (i) BlockFi is not authorized to provide the Services, (ii) the United States has embargoed goods or services, (iii) where your use of the Services would be illegal or

otherwise violate any applicable law of such jurisdiction or of the United States or Bermuda (“Restricted Jurisdiction”). You hereby represent and warrant that you are not a resident of any Restricted Jurisdiction and that you will not register a BlockFi Account or use the Online Platform even if our methods to prevent you from registering an account or using the Online Platform are not effective or can be bypassed. We may implement controls to restrict access to the Online Platform from any Restricted Jurisdiction.

### **Restricted Persons**

You hereby represent and warrant that you have not been identified as a Specially Designated National or placed on any sanctions list by the U.S. Treasury Department’s Office of Foreign Assets Control, the U.S. Commerce Department, or the U.S. Department of State; and you will not use our Online Platform to conduct any illegal or illicit activity.

### **Transfer and Processing of Data**

By accessing or using our Online Platform, you consent to the processing, transfer and storage of information about you in and to the United States and other countries, where you may not have the same rights and protections as you do under local law.

### **Fair Practices**

You agree not to: (i) make any representations, warranties or guarantees on BlockFi’s behalf or with respect to the Online Platform or any content or data contained on the Online Platform; (ii) make any false or misleading representations with regard to BlockFi or the Online Platform or any content or data contained on the Online Platform; or (iii) participate or engage in any illegal, deceptive, misleading, fraudulent, unethical or improper practices on, through, by means of or with respect to the Online Platform.

### **Assignment**

You acknowledge and agree that you may not assign, delegate, sub-contract or otherwise transfer your rights or obligations under the Terms. BlockFi may transfer, assign, delegate, sub-contract or otherwise transfer its rights and obligations under the Terms without notifying you or obtaining your consent.

### **Choice of Law; Forum for Disputes**

#### For US clients

The Terms and all disputes, claims or controversies (whether in tort, contract or otherwise) arising out of or relating in any way to the Terms, the Online Platform or the Content, the negotiation, interpretation, validity or performance of the Terms, the rights and obligations of you and us hereunder or any transaction contemplated by the Online Platform shall be governed by and construed in accordance with the laws of the State of New Jersey without regard to the rules or principles of conflict of laws of such State or any other jurisdiction that would permit or require the application of the laws of any other jurisdiction. We and you each hereby irrevocably and unconditionally consent to submit to the sole and exclusive jurisdiction of the courts of the State of New Jersey and of the United States of America located in the State of New Jersey, City

of Jersey City (the "New Jersey Courts") for any litigation, lawsuit or proceeding between you and us arising out of or relating in any way to the Terms (including any non-contractual claims), the Online Platform or the Content, the negotiation, interpretation, validity or performance of the Terms, the rights and obligations of you and us hereunder or any transaction contemplated by the Online Platform.

You and we each waive any objection to the laying of venue of any such litigation in the New Jersey Courts and agree not to plead or claim in any New Jersey Court that such litigation brought therein has been brought in an inconvenient forum or that there are indispensable parties to such litigation that are not subject to the jurisdiction of the New Jersey Courts. You and we each hereby irrevocably waive any and all rights which you or we, respectively, may have, or may have had, to bring such litigation in or before any other court or tribunal (whether domestic or foreign), or before any similar domestic or foreign authority or body, and agree not to claim or plead any such rights.

#### For Non-US clients

The Terms and all disputes, claims or controversies (whether in tort, contract or otherwise) arising out of or relating in any way to the Terms, the Online Platform or the Content, the negotiation, interpretation, validity or performance of the Terms, the rights and obligations of you and us hereunder or any transaction contemplated by the Online Platform shall be governed by and construed in accordance with the laws of Bermuda without regard to the rules or principles of conflict of laws of any other jurisdiction that would permit or require the application of the laws of any other jurisdiction. We and you each hereby irrevocably and unconditionally consent to submit to the sole and exclusive jurisdiction of the Supreme Court of Bermuda for any litigation, lawsuit or proceeding between you and us arising out of or relating in any way to the Terms (including any non-contractual claims), the Online Platform or the Content, the negotiation, interpretation, validity or performance of the Terms, the rights and obligations of you and us hereunder or any transaction contemplated by the Online Platform.

You and we each waive any objection to the laying of venue of any such litigation in the courts of Bermuda and agree not to plead or claim in any court that such litigation brought therein has been brought in an inconvenient forum or that there are indispensable parties to such litigation that are not subject to the jurisdiction of the courts of Bermuda. You and we each hereby irrevocably waive any and all rights which you or we, respectively, may have, or may have had, to bring such litigation in or before any other court or tribunal (whether domestic or foreign), or before any similar domestic or foreign authority or body, and agree not to claim or plead any such rights.

#### **WAIVER OF JURY TRIAL**

WE AND YOU EACH HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT WE OR YOU, RESPECTIVELY, MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THESE TERMS OF SERVICE OR THE ONLINE PLATFORM AND ANY COUNTERCLAIM THEREIN. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER AND MAKES THIS WAIVER VOLUNTARILY.

#### **Class Action Waiver**

YOU AND WE AGREE THAT THERE WILL BE NO RIGHT OR AUTHORITY FOR ANY DISPUTE TO BE BROUGHT, HEARD, OR ARBITRATED AS A CLASS ACTION (INCLUDING WITHOUT LIMITATION OPT OUT CLASS ACTIONS OR OPT IN COLLECTIVE CLASS ACTIONS), OR IN A REPRESENTATIVE OR PRIVATE ATTORNEY GENERAL CAPACITY ON BEHALF OF A CLASS OF PERSONS OR THE GENERAL PUBLIC. ALL DISPUTES SHALL BE RESOLVED ON AN INDIVIDUAL BASIS ONLY.

## General

All rights in the Online Platform not otherwise expressly granted to you by the Terms are reserved to BlockFi. The Terms, together with the Privacy Policy, constitute the sole and entire agreement between you and us with respect to the subject matter hereof and supersedes all other prior or contemporaneous negotiations, discussions, agreements, understandings, representations and warranties, both written and oral, between you and us with respect to such subject matter. You agree that no joint venture, partnership, employment, or agency relationship exists between you and BlockFi as a result of the Terms or any use of the Online Platform. The failure of BlockFi to exercise or enforce any right or provision of the Terms shall not constitute a waiver of such right or provision. If any provision of the Terms is found by a court of competent jurisdiction to be invalid, void, unlawful or unenforceable, the Parties agree that the court should give effect to the Parties' intentions as reflected in such provision, and the other provisions of the Terms shall remain in full force and effect. The section titles in the Terms are for convenience only and have no legal or contractual effect. Neither the course of conduct between you and BlockFi, nor trade practice, shall act to modify any provision of the Terms. For purposes of the Terms, the terms include, includes, including, such as and for example, shall be construed as if each term were followed by the words, without limitation. Except where context requires otherwise, use of the singular form of any noun includes the plural, and use of the plural includes the singular.

## Questions or Comments; Our Contact Information

If there are any questions regarding our Terms of Service, you may contact us using the following information:

201 Montgomery Street  
Suite 263  
Jersey City, New Jersey 07302  
USA

or

Submit a support ticket [here](#).

Terms Last Modified: 11/02/2022

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Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit B**

**BlockFi Wallet Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



☰ **Wallet Terms**

WALLET TERMS

# Wallet Terms

**BlockFi Wallet Terms (New)**

## INTRODUCTION

Welcome to BlockFi. Our BlockFi Wallet is a non-interest-bearing crypto account that allows you to hold, transfer and manage your cryptocurrency held in your account. Please read and keep these BlockFi Wallet Terms (“Wallet Terms”). If you need a physical copy of these Wallet Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](#). These Wallet Terms are incorporated by reference into the BlockFi Terms of Service found here: <https://blockfi.com/terms/>

## OUR RELATIONSHIP

In these Wallet Terms, holders of a BlockFi Wallet, including owners, employees, agents and affiliates of any business, corporation, partnership or other entity that is, or is considering becoming, an account holder are sometimes referred to in the Wallet Terms as “you” or “your.” The provider of the BlockFi Wallet, which for U.S clients is BlockFi Trading LLC and for non-U.S clients is BlockFi International Ltd., a Bermuda exempted company which holds a Class F (full) license from the Bermuda Monetary Authority to conduct digital assets business, is referred to as “BlockFi,” “we,” “us” or “our” in these Wallet Terms. Together, you and we may be collectively referred to as “Parties.”

## ACCEPTANCE OF TERMS

By opening a BlockFi Wallet, you agree that the terms and conditions contained in these Wallet Terms, as modified from time to time, will govern your BlockFi Wallet. We reserve the right to

update these Wallet Terms at any time and may notify you of such changes via the Website or by email at the address specified on your account application, but we have no obligation to notify you of every update.

## **A. Opening a BlockFi Wallet**

1. Anyone residing in a jurisdiction where we offer a BlockFi Wallet and who is at least eighteen (18) years old can apply to open a BlockFi Wallet. BlockFi Wallet can be opened at [blockfi.com](https://blockfi.com), the BlockFi app or by contacting us [here](#). All crypto received will initially be transferred to an account at one of BlockFi's or its affiliates' institutional custodians. If you are a U.S client, your BlockFi Wallet will be opened and maintained by BlockFi Wallet LLC acting for and on behalf of BlockFi Trading LLC and if you are a non-U.S client, your BlockFi Wallet will be opened and maintained by BlockFi Wallet LLC acting for and on behalf of BlockFi International Ltd.

2. In order to open your account, we will first verify your identity and require you to provide acceptable forms of identification. To help the government fight the funding of terrorism and money laundering activities, United States federal law and Bermuda requires us to obtain, verify, and record information that identifies each person or entity that opens an account. We may also ask for your driver's license or other identifying documents. For business accounts, we may require identification information related to a controlling manager and/or equity owners of your business. You represent and warrant that all information provided to us pursuant to these Wallet Terms or otherwise is true, accurate and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible. Note that we may use credit reports or other information from third parties to help us determine if we should open or maintain your account.

3. BlockFi Wallet is not available in Cuba, Iran, North Korea, Sudan, Syria, or any other country to which the United States or Bermuda embargoes goods or imposes similar sanctions. BlockFi Wallet is not available in the State of New York, or any other jurisdiction which we determine we would not be able to offer or chose not to offer a BlockFi Wallet. Due to the dynamic nature of regulatory requirements and interpretations in the cryptocurrency market, we reserve the right to update the list of prohibited jurisdictions and reject applications to open accounts that we determine we would be unable to accept for regulatory or policy reasons in our sole and absolute discretion.

4. Your account is not deemed to be opened, and we have no responsibility to you unless and until you have received written (which may be electronic) confirmation from us that your account has been opened. We are not obligated to accept an application from any applicant, and we reserve the right not to open an account for any applicant in our sole and absolute discretion.

## **B. How Accounts Can Be Owned**

BlockFi Wallet can be held in the types of ownership described below. Each individual or business entity shall only be permitted to maintain a single BlockFi Wallet at any given time.

1. Individual Account. This account is owned by only one person or entity who can transfer or withdraw cryptocurrency held in the account. There is a 1 (one) individual BlockFi Wallet maximum per individual.

2. Business Account. This account is owned by a corporation, unincorporated association, limited liability company, limited liability partnership, fiduciary, partnership, sole proprietorship or other entity holding an account in any capacity other than an individual capacity. Each person or entity completing any account opening requirements represents and agrees that he or she (i) is fully authorized to execute all documents or otherwise complete our requirements in his or her stated capacity, (ii) has furnished all documents or other information necessary to demonstrate that authority, and (iii) will furnish other documents and complete other requirements as we may request from time to time. We may refuse to recognize any resolution affecting your business account that appears to us to be incomplete or improperly executed.

### **C. Funding your BlockFi Wallet**

1. You can open your account by transferring eligible cryptocurrency to the wallet address provided in your BlockFi account. Your cryptocurrency will be accepted by BlockFi, and then will be transferred to BlockFi Wallet LLC, which will open and maintain your BlockFi Wallet, acting for and on behalf of BlockFi Trading LLC if you are U.S client. If you are non-U.S client your BlockFi Wallet will be opened and maintained by BlockFi Wallet LLC on behalf of BlockFi International Ltd.

2. The transfer of such eligible cryptocurrency to your BlockFi Wallet may not be deemed settled and completed until the transaction has met the specific protocol for a relevant cryptocurrency that BlockFi has defined.

3. In addition, you can open your account or add additional assets to your BlockFi Wallet by sending a wire transfer or ACH from a bank account to BlockFi to purchase certain cryptocurrencies as published on our website from time to time. Trading activity is governed by BlockFi Trading LLC's Trading Terms. If you have a BlockFi Wallet, all assets purchased through BlockFi, shall be immediately debited and credited to your BlockFi Wallet maintained by BlockFi Wallet LLC, acting for and behalf of BlockFi.

4. As of the date of these Wallet Terms, there is no minimum amount required to open a BlockFi Wallet. We may, in our sole discretion, institute a minimum balance in the future, and such minimum balance will apply to your BlockFi Wallet. Once your account has been opened and funded, BlockFi requires seven calendar days' notice prior to your complete or partial withdrawal of the eligible crypto in your BlockFi Wallet.

### **D. Withdrawals**

1. You may make a request for a complete or partial withdrawal of cryptocurrency from your BlockFi Wallet at any time with appropriate time notice as stated above. Additionally, before a withdrawal is processed, you may be required to provide certain personally identifiable information so BlockFi can verify your identity. BlockFi initiates the withdrawal process instantly when possible, and we may require up to seven (7) days after you submit your withdrawal request to process the withdrawal.

2. Withdrawal limits based on frequency and amount may apply from time-to-time and will be described in your BlockFi Wallet interface and on our Website at <https://blockfi.com/fees>

3. In the case of any withdrawal, you will be required to provide the details for the account to

which you wish to transfer your cryptocurrency. Upon a withdrawal request, your cryptocurrency will first be transferred to BlockFi Trading LLC, and then will be transferred to your designated account. Assets subject to a withdrawal request cannot be traded.

4. If the details you provide are inaccurate or incomplete, your cryptocurrency may be permanently lost. When you withdraw all or any of your cryptocurrency, we will not be liable for any loss that results from inaccurate, incomplete or misleading details that you may provide for such transfer. If the account you specify is one to which we are unable to process transfers, we will have no liability for any failure or delay in processing your requested withdrawal.

5. BlockFi and our third-party partners may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently. BlockFi is not and will not be responsible or liable for any loss or damage of any sort incurred by you as a result of such cyber-attacks, operational or technical difficulties or suspensions of transfers or withdrawals.

6. For withdrawals of cryptocurrency in any calendar month, the transaction fees described at <https://blockfi.com/fees> will be deducted from the amount of cryptocurrency you withdraw from your BlockFi Wallet. For example, if you withdraw one Ethereum from your account, and the Ethereum network charges a transaction fee equal to .01 Ethereum, you will receive .99 Ethereum. BlockFi may also charge a fee for withdrawals. We will publish any such withdrawal fees on our Website before they take effect, and thereafter the applicable withdrawal fee will be deducted from the amount of cryptocurrency you withdraw from your BlockFi Wallet.

7. Additionally, from time to time there may be withdrawal minimums at BlockFi's third party custodians which may limit your ability to withdraw un-tradable fractions or other small amounts of cryptocurrency without first increasing the amount of cryptocurrency in your BlockFi Wallet.

## **E. Taxes**

1. You will be able to see a record of the transactions related to your BlockFi Wallet which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority.

2. We will make any tax withholdings or filings that we are required by law to make, but we are not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction. You are responsible for complying with all applicable law, whether federal, state, local, or non-U.S. You agree that BlockFi is not responsible for determining whether or which laws may apply to your transactions, including tax law. You are solely responsible for reporting and paying any taxes arising from your BlockFi Wallet.

## **F. Ownership of Cryptocurrency**

The title to the cryptocurrency held in your BlockFi Wallet shall at all times remain with you and shall not transfer to BlockFi. You hereby represent and warrant to us at all times during which you maintain a balance in your BlockFi Wallet that: (i) any cryptocurrency that you transferred

into your BlockFi Wallet is owned by you at the time of transfer; and (ii) you are validly authorized to instruct us to carry out transactions relating to your BlockFi Wallet balance and that all transactions initiated with your BlockFi Wallet are for your own account (or, in the case of business accounts, for your business's account) and not on behalf of any other person or entity. Except as required by a valid court order or applicable law, BlockFi shall not sell, transfer, loan, hypothecate or otherwise alienate cryptocurrency held in your BlockFi Wallet unless specifically instructed by you.

#### **G. General Rules Governing BlockFi Wallet**

1. If you are U.S client, all our actions relating to your account, including these Wallet Terms, will be governed by the laws and regulations of the United States and, to the extent not preempted, the laws and regulations of the State of New Jersey. Any lawsuit regarding your account must be brought in a proper court in the State of New Jersey, City of Jersey City. If you are a non-U.S client, all our actions relating to your account, including these Wallet Terms, will be governed by the laws of Bermuda and any lawsuit regarding your account must be brought in the Bermuda courts. If any part of these Wallet Terms is determined to be invalid or unenforceable, such determination will not affect the remainder of these Wallet Terms.

2. We reserve the right at all times to monitor, review, retain and/or disclose any information as necessary to satisfy any applicable law, regulation, legal process or governmental request.

3. All transfers to your BlockFi Wallet must consist of eligible cryptocurrency and must be transferred to the wallet address provided in your BlockFi account application, unless we notify you otherwise. We have the right to reject any transfer and the right to return cryptocurrency already transferred into your BlockFi Wallet. Any contribution meeting the confirmation guidelines in Section C.2 on any day at or before 11:59 p.m. UTC-4 will be treated by us as being received on such day. If you attempt to transfer assets to an unsupported wallet or using an unsupported network, or if you attempt to transfer assets other than eligible cryptocurrency (including any unsupported digital assets) to your BlockFi Wallet, such assets may be permanently lost, and we will have no liability for any such loss.

4. These Wallet Terms and the relationship created hereby do not create a fiduciary relationship between us.

5. We may follow instructions regarding your BlockFi Wallet if we reasonably believe that you have authorized the instructions.

6. We will make statements for your BlockFi Wallet available to you by email and/or online at [blockfi.com](https://blockfi.com). All your accounts and (in our discretion) those of any of your affiliates may be combined into one statement.

7. We will make available to you a periodic statement showing the activity on your account and containing information sufficient to allow you to reasonably identify transactions. You must examine the statement and notify us of any unauthorized use or any error or irregularity on the statement within 30 calendar days after the statement is sent or made available to you. If notice is not received within the 30-calendar day period, then we will have no liability to you and any losses will be entirely yours.

8. Your BlockFi Wallet is not transferable or assignable to another person in whole or in part.

9. BlockFi is required by law to turn over the assets in abandoned or unclaimed customer accounts to the state of your last known residence. You must promptly notify us of any change in your residential mailing or email address. Failure to notify us may result in delay or non-receipt of BlockFi correspondence.

10. We may record and monitor our telephone conversations with you and your electronic communications with us (chat, e-mail and other forms of electronic exchange). Unless the law requires otherwise, you consent in advance to such recording and monitoring, and we do not need to remind you of these activities.

11. For purposes of these Wallet Terms, our business days are Monday through Friday. Saturdays, Sundays and all federal and New York State holidays are not included.

12. We reserve the right to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your account and/or closing your accounts without prior notice to you unless prior notice is required by law. We do not bear liability for such actions. In addition, BlockFi reserves the right to withhold or delay the withdrawal of funds or assets belonging to you if you fail to comply with these Wallet Terms.

#### **H. Indemnification and Limitation of Liability; Attorney's Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your use of your BlockFi Wallet or our activities in connection with such account, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while using your BlockFi Wallet, regardless of whether the specific use was expressly authorized by you.

2. We are not liable to you for claims, costs, losses or damages caused by an event that is beyond our reasonable control (e.g., the acts or omissions of third parties, natural disaster, emergency conditions, disease epidemics/pandemics such as Covid-19, government action, equipment or communications malfunction).

3. We are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind.

4. Except for any setoff permitted by applicable law, any amounts owed, or liabilities incurred by us ("Obligations") may be satisfied solely from the assets of BlockFi and BlockFi Wallet LLC. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than BlockFi and BlockFi Wallet LLC for Obligations, including, without limitation, any member, affiliate, investor, employee, officer, agent or advisor of BlockFi and BlockFi Wallet LLC. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

5. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any assets not properly credited or debited.

## **I. Risk Disclosure**

1. Your BlockFi Wallet is not a checking or savings account, and it is not covered by insurance against losses. In certain jurisdictions, cryptocurrency is not legal tender, and is not backed by the government. Accounts and value balances are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

2. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If you attempt to transfer assets to an unsupported wallet or using an unsupported network, or if you attempt to transfer assets other than eligible cryptocurrency (including any unsupported digital assets) to your BlockFi Wallet, such assets may be permanently lost. We assume no liability, obligation or responsibility whatsoever with respect to any unsupported digital asset or any asset that is transferred using an unsupported network or to an unsupported wallet. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

3. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi may prevent the access or use of a customer's cryptocurrency. Any bond or trust account maintained by BlockFi for the benefit of its customers may not be sufficient to cover all losses incurred by customers. Considering these risks, you should carefully consider whether holding cryptocurrency in a BlockFi account is suitable.

## **J. Conflict/Disputes Involving Your Account**

1. We are not liable to you for errors that do not result in financial loss to you. We may take any action authorized or permitted by these Wallet Terms without being liable to you, even if such action causes you to incur fees, expenses or damages.

2. If third parties make claims on your account, or if we receive conflicting instructions from authorized signers, or if we become involved in or concerned about a dispute between you and an authorized signer, we have discretion to act in ways we believe to be appropriate, including by closing your BlockFi Wallet and returning the cryptocurrency in such account. You are liable for all expenses and fees we incur for such conflicts or disputes, including internal costs and attorneys' fees, and we may charge them to your BlockFi Wallet.



3. Fraudulent activity, including any attempt to withdraw assets that you do not own, did not transfer into your BlockFi Wallet, or did not purchase, is strictly prohibited and may result in the closure of your BlockFi Wallet. Fraudulent activity includes any attempt to take advantage of errors on the BlockFi Website, systems, applications, or technology platforms. Any errors identified should be flagged to [investigations@blockfi.com](mailto:investigations@blockfi.com) for appropriate compensation, where applicable.

#### **K. Legal Process Affecting Accounts**

1. If legal action such as an attachment, garnishment, seizure, liquidation, levy or other state or federal legal process ("legal process") is brought against your BlockFi Wallet, we may refuse to permit (or may limit) withdrawals or transfers from your account until the legal process is satisfied or dismissed. We may also be required to transfer the assets in your BlockFi Wallet at the behest of governmental authorities pursuant to legal and regulatory actions. Regardless of the terms of such attachment, garnishment, levy or other state or federal process, we have first claim to all assets in your account.

2. We will not contest on your behalf any such legal process and may take action to comply with such legal process as we determine to be appropriate in the circumstances without liability to you. If we incur any expenses, including without limitation, reasonable attorney fees, in connection with any such legal process, we may charge any expenses and fees to your account or any other account you may have with us without prior notice to you, or we may bill you directly for such expenses and fees. Any garnishment, seizure, liquidation, or other levy against your account is subject to our right of setoff.

#### **M. Setoff and Security Interest Rights**

1. You grant us a security interest in any and all of your BlockFi account(s) with us for obligations owing to us or any of our affiliates by any owner of any of your accounts. These obligations include both secured and unsecured debts and debts you owe individually or together with someone else, including debts and obligations under other transactions or agreements between you and us or any of our affiliates.

2. We may take or set off assets in your BlockFi Wallet, or transfer assets between any or all of your BlockFi Wallet, with us or any of our affiliates for direct, indirect and acquired obligations that you owe us or our affiliates, including any balances as a result of not having sufficient assets available or as a result of an erroneous transfer of assets to an address under your control, or a return or other negative balance, regardless of the source of assets in an account.

3. These rights are in addition to other rights we have to take, transfer or charge assets in your account for obligations you owe us or our affiliates. We may consider these Wallet Terms as your consent to BlockFi's asserting its security interest or exercising its right of setoff should any laws governing your account require your consent.

4. If the law restricts our ability to take, transfer or setoff against assets in your account, or if some contributions are protected from attachment, levy or legal process to the extent that you may do so by contract, you waive those conditions and limits and authorize us to apply assets in any or all of your accounts with us to obligations you owe us. Exercising these rights may result in early withdrawal penalties.

5. We hereby agree that, to the extent permitted by applicable law, you may take or set off assets in your account, or any amounts we owe you with respect thereto, against the Obligations. If the law restricts your ability to take, transfer or setoff assets in your account, or if some contributions are protected from attachment, levy or legal process to the extent that we may do so by contract, we waive those conditions and limits and authorize you to apply assets in any or all of your accounts with us to the Obligations.

#### **M. Waiver**

We may delay or waive any rights we have under these Wallet Terms. If we delay or waive our rights, you are still obligated to pay us fees and other amounts you may owe us under these Wallet Terms. Any delay or waiver of our rights applies only to the specific instance in which we decide to delay or waive the provision and does not affect our future rights in any way.

#### **N. Digital Images, e-Signatures, & Facsimile Signatures**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us.

2. If a facsimile signature is used for a withdrawal from your account, you are responsible for any withdrawal from your account when the facsimile signature resembles or purports to be the signature of a person authorized to make withdrawals from your account. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our payment of a withdrawal accompanied by a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

#### **O. Closing an Account**

We have the right to close your BlockFi Wallet at any time for any reason without advance notice. In addition, your account will be closed automatically if we do not receive your initial transfer of assets to your BlockFi Wallet within sixty (60) days of the date on which your account is opened. If your account has a balance when we close it, and you provide a valid wallet address to us, we will return the remaining crypto assets to that address, unless prohibited by applicable law. We will cooperate with any regulatory or governmental entity's instructions or requests regarding your BlockFi Wallet, including freezing it and seizing its assets if mandated.

#### **P. Liability for Failure to Make Transfers**

If we do not complete a transfer to or from your BlockFi Wallet or in the correct amount as clearly instructed to us according to these Wallet Terms, we will be liable for your actual losses or damages, subject to certain exceptions. We will not be liable, for instance: (i) if, through no fault of ours, you do not have enough assets in your account to make the transfer; (ii) if circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken; (iii) in the case of preauthorized credits, if the data from the third party is not received, is incomplete or erroneous; (iv) if your BlockFi Wallet is not in an active status; (v) due to legal requirements of regulatory restrictions; (vi) other exceptions stated in these Wallet Terms or in another agreement with you.

**Q. Disclosure of Account Information**

We will disclose information to third parties about your account or the transfers you make: (i) where it is necessary for completing transfers; (ii) in order to verify the existence and condition of your BlockFi Wallet for a third party, such as a credit bureau or merchant; (iii) in accordance with the BlockFi Terms of Service; (iv) if you give us your written permission; (v) if we close your BlockFi Wallet due to a deficient balance, excessive instances when you do not have sufficient assets in your account or to protect or enforce our legal rights; and (vi) in order to comply with government agency or court orders.

**R. Account Errors or Questions**

1. Our platform allows you to review your BlockFi Wallet and conduct certain other transactions online. You must maintain adequate security and control of all IDs, passwords, hints, or any other codes that you use to access your BlockFi Wallet through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your BlockFi Wallet. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your BlockFi Wallet.

2. Tell us promptly if you believe that an electronic transfer has been made without your permission. Telephoning is the best way of keeping your possible losses down. You could lose all the assets in your BlockFi Wallet (plus any other BlockFi account you own). If your statement shows transfers that you did not make, tell us immediately by contacting us [here](#).

3. Please submit a support ticket [here](#), as soon as you can, if you think your statement is wrong or if you need more information about an item listed on the statement. We must hear from you no later than thirty (30) days after we send you or make available to you the first statement on which the problem or error appeared.

4. If you tell us orally or via electronic means, we may require that you send us your complaint or question in writing, and we may request additional information within ten (10) business days. We will endeavor to determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. For errors involving new accounts, we may take up to ninety (90) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount of the error, so that you will have the use of the assets during the time it takes us to complete our investigation. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

5. If we ask you to put your complaint or question in writing, or request additional information, and do not receive it within ten (10) business days, we may not credit your account. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

- Products
- Institutions
- Resources
- Company
- Follow Us



Everything you need on-the go

Download the BlockFi app



Log in

Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit C**

**BlockFi US Interest Account Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



## ☰ Interest Account Terms (Existing US only)

INTEREST ACCOUNT  
TERMS (EXISTING US  
ONLY)

# Interest Account Terms (Existing US only)

## INTRODUCTION

Welcome to BlockFi. Our Crypto Interest Account is a crypto repository account that allows you to earn interest paid in the form of digital assets on the eligible cryptocurrency held in your account. Please read and keep these Account Terms (“Interest Account Terms”). If you need a physical copy of these Interest Account Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](#). These Interest Account Terms are incorporated by reference into the BlockFi Terms of Service and Wallet Terms found [here](#): <https://blockfi.com/terms/>. Further, the Crypto Interest Accounts are operated by us under an Indenture (“Indenture”) with Ankura Trust Company, LLC, as trustee, a form of which can be found [here](#):

## OUR RELATIONSHIP

In these Interest Account Terms, holders of a Crypto Interest Account, including owners, employees, agents and affiliates of any business, corporation, partnership or other entity that is, or is considering becoming, an account holder are sometimes referred to in the Interest Account Terms as “you” or “your.” The provider of the Crypto Interest Account for U.S clients is BlockFi Inc., and is referred to as “BlockFi,” “we,” “us” or “our” in these Interest Account Terms. Together, you and we may be collectively referred to as “Parties.”

## ACCEPTANCE OF TERMS

By continuing to maintain a Crypto Interest Account, you agree that the terms and conditions contained herein will govern your Crypto Interest Account, as modified from time to time. We reserve the right to update these Interest Account Terms at any time, and may notify you of such

changes via the Website or by email at the address specified on your account application, but we have no obligation to notify you of every update.

**Starting on February 14, 2022, we will no longer offer Crypto Interest Accounts to new U.S. clients. Existing U.S. clients can continue to maintain their Crypto Interest Account, receive interest and withdraw cryptocurrency from their Crypto Interest Accounts but will no longer be able to transfer additional cryptocurrency into their Crypto Interest Accounts.**

**The Crypto Interest Accounts have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States, to U.S. persons, for the account or benefit of a U.S. person or in any jurisdiction in which such offer would be prohibited.**

If you are an existing U.S client, your Crypto Interest Account will be maintained by BlockFi Inc. All existing US Crypto Interest Account holders will also have a BlockFi Wallet. Your BlockFi Wallet is governed by BlockFi Wallet Terms.

## **A. How Interest Is Calculated**

1. Interest on the Crypto Interest Account is variable. We publish our interest rates on our Website at <https://blockfi.com/rates>. Changes to interest rates will be posted or messaged to you before changes are made, typically before the first business day of each month. Our interest rate may be tiered, with specified rates in effect at any time only applied to specified portions of amounts in a Crypto Interest Account. Interest will be payable in arrears and added to the principal in your account on a monthly basis.

2. We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the specified principal in the account on each day. The daily periodic rate is calculated by dividing the applicable interest rate by the number of days in the year. We will determine the interest rates and tiers for each month at our sole discretion, and you acknowledge that your account is not a bank deposit account and such rates may not be equivalent to benchmark interest rates observed in the market for bank deposit accounts.

## **B. How Interest Is Paid**

1. We will credit your Crypto Interest Account with the interest earned within five business days following the end of each calendar month. Your account must be open on such date in order for you to receive this interest payment. All interest will be paid in cryptocurrency. The accrued interest will be calculated and paid to the one hundred millionth of the relevant unit of cryptocurrency. Any digits beyond that will be truncated; balances and interest payments on account statements will be truncated to eight decimal digits (one hundred millionth of a unit). Once interest has been credited to your account, you will earn interest on it in future months.

2. You may elect to have your interest paid in any cryptocurrency we support, in our discretion as may be modified from time to time, by adjusting the default settings on your online account dashboard at least 2 business days prior to the last business day of the calendar month. If you do not make an election prior to such deadline or otherwise do not adjust the default settings, interest will be paid in kind (i.e., in the type of cryptocurrency that is earning interest). Once an election has been made it will remain the interest accrual election for your Crypto Interest Account until a subsequent timely election is made. If you elect for interest to be paid in a



cryptocurrency that is different from the cryptocurrency on which the interest has been earned, BlockFi may charge an administrative fee of up to 1.5% of the total amount of interest accrued for such month, depending on the cryptocurrency selected and market conditions at the time of the payment.

## C. Withdrawals

1. You may make a request for complete or partial withdrawal of principal from your Crypto Interest Account at any time. Any withdrawal of principal will be transferred instantly to your BlockFi Wallet and any withdrawal from your BlockFi Wallet will be subject to BlockFi Wallet Terms. Any interest that has accrued but not been credited to your account on a month-end basis is not eligible for withdrawal until the fifth business day of the following month. **If you are an existing U.S. client, please note that any assets you withdraw from your Crypto Interest Account on or after February 14, 2022 will not be eligible for transferring back into your Crypto Interest Account.**

2. Withdrawal limits based on frequency and amount may apply from time-to-time and will be described in your Crypto Interest Account interface and on our Website at <https://blockfi.com/fees>.

3. BlockFi and our third party partners may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently. BlockFi is not and will not be responsible or liable for any loss or damage of any sort incurred by you as a result of such cyber-attacks, operational or technical difficulties or suspensions of transfers or withdrawals.

## D. Taxes

1. You will be able to see a record of the transactions related to your Crypto Interest Account which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority.

2. We will make any tax withholdings or filings that we are required by law to make, but we are not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction. You are responsible for complying with all applicable law, whether federal, state or local. You agree that BlockFi is not responsible for determining whether or which laws may apply to your transactions, including tax law. You are solely responsible for reporting and paying any taxes arising from your Crypto Interest Account.

## E. Utilization of Assets

1. Except where prohibited or limited by applicable law, BlockFi has the right, without further notice to you, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest or use any amount of such cryptocurrency, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi's possession and/or control a like amount of cryptocurrency, and to use or invest such cryptocurrency at its own risk.

2. You acknowledge that, with respect to assets used by BlockFi pursuant to this paragraph: (i) you will not be able to exercise rights of ownership, (ii) BlockFi and its affiliates may receive compensation in connection with lending or otherwise using or investing cryptocurrency in its business to which you will have no entitlement, and (iii) cryptocurrency that is subject to such lending transactions, investment or otherwise being used in these transactions will not be held by BlockFi's third party custodians.

## **F. Valid Authorization**

You hereby represent and warrant to us at all times during which you maintain a balance in your Crypto Interest Account that: (i) any cryptocurrency that you transferred into your Crypto Interest Account is owned by you at the time of transfer; and (ii) you are validly authorized to instruct us to carry out transactions relating to your Crypto Interest Account balance and that all transactions initiated with your Crypto Interest Account are for your own account (or, in the case of business accounts, for your business's account) and not on behalf of any other person or entity.

## **G. General Rules Governing Crypto Interest Accounts**

1. If you are U.S client, all of our actions relating to your account, including these Interest Account Terms, will be governed by the laws and regulations of the United States and, to the extent not preempted, the laws and regulations of the State of Delaware. Any lawsuit regarding your account must be brought in the courts in the State of Delaware or the courts of the United States located in the State of Delaware. If any part of these Interest Account Terms is determined to be invalid or unenforceable, such determination will not affect the remainder of these Interest Account Terms.

2. We reserve the right at all times to monitor, review, retain and/or disclose any information as necessary to satisfy any applicable law, regulation, legal process or governmental request.

3. These Interest Account Terms and the relationship created hereby do not create a fiduciary relationship between us.

4. We may follow instructions regarding your Crypto Interest Account if we reasonably believe that you have authorized the instructions.

5. We will make statements for your BlockFi account available to you by email and/or online at blockfi.com. All of your accounts and (in our discretion) those of any of your affiliates may be combined into one statement.

6. We will make available to you a periodic statement showing the activity on your account and containing information sufficient to allow you to reasonably identify transactions. You must examine the statement and notify us of any unauthorized use or any error or irregularity on the statement within 30 calendar days after the statement is sent or made available to you. If notice is not received within the 30-calendar day period, then we will have no liability to you and any losses will be entirely yours.

7. Your Crypto Interest Account is not transferable or assignable to another person in whole or in part.

8. BlockFi is required by law to turn over the funds in abandoned or unclaimed customer accounts to the state of your last known residence. You must promptly notify us of any change in your residential mailing or email address. Failure to notify us may result in delay or non-receipt of BlockFi correspondence.

9. We may record and monitor our telephone conversations with you and your electronic communications with us (chat, e-mail and other forms of electronic exchange). Unless the law requires otherwise, you consent in advance to such recording and monitoring and we do not need to remind you of these activities.

10. For purposes of these Interest Account Terms, our business days are Monday through Friday. Saturdays, Sundays and all federal and New York State holidays are not included.

11. We reserve the right to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your account and/or closing your accounts without prior notice to you unless prior notice is required by law. We do not bear liability for such actions. In addition, BlockFi reserves the right to withhold or delay the withdrawal of funds or assets belonging to you if you fail to comply with these Interest Account Terms.

## **H. Indemnification and Limitation of Liability; Attorney's Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your use of your Crypto Interest Account or our activities in connection with such account, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while using your Crypto Interest Account, regardless of whether the specific use was expressly authorized by you.

2. We are not liable to you for claims, costs, losses or damages caused by an event that is beyond our reasonable control (e.g., the acts or omissions of third parties, natural disaster, emergency conditions, disease epidemics/pandemics such as Covid-19, government action, equipment or communications malfunction).

3. We are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind.

4. Except for any setoff permitted by applicable law, any amounts owed or liabilities incurred by us ("Obligations") may be satisfied solely from the assets of BlockFi Inc. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than BlockFi Inc for Obligations, including, without limitation, any member, affiliate, investor, employee, officer, agent or advisor of BlockFi Inc. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

5. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any funds not properly credited or debited.

## **I. Risk Disclosure**

1. Your Crypto Interest Account is not a checking or savings account, and it is not covered by insurance against losses. We will pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer or use funds and cryptocurrency assets to counterparties, and such cryptocurrency assets will be exposed to various risks as a result of such transactions. In certain jurisdictions, cryptocurrency is not legal tender, and is not backed by the government or any regulatory authority. Accounts and value balances are not insured and are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections. Your Crypto Interest Account is not registered with any federal or state securities regulatory authority. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

2. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If you attempt to transfer assets to an unsupported wallet or using an unsupported network, or if you attempt to transfer assets other than eligible cryptocurrency (including any unsupported digital assets) to your Crypto Interest Account, such assets may be permanently lost. We assume no liability, obligation or responsibility whatsoever with respect to any unsupported digital asset or any asset that is transferred using an unsupported network or to an unsupported wallet. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

3. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi may prevent the access or use of a customer's cryptocurrency. Any bond or trust account maintained by BlockFi for the benefit of its customers may not be sufficient to cover all losses incurred by customers. In light of these risks, you should carefully consider whether holding cryptocurrency in a BlockFi account is suitable.

## **J. Conflict/Disputes Involving Your Account**

1. We are not liable to you for errors that do not result in financial loss to you. We may take any action authorized or permitted by these Interest Account Terms without being liable to you, even if such action causes you to incur fees, expenses or damages.

2. If third parties make claims on your account, or if we receive conflicting instructions from authorized signers, or if we become involved in or concerned about a dispute between you and an authorized signer, we have discretion to act in ways we believe to be appropriate, including by closing your Crypto Interest Account and returning the cryptocurrency in such account. You are liable for all expenses and fees we incur for such conflicts or disputes, including internal costs and attorneys' fees, and we may charge them to your Crypto Interest Account.

3. Fraudulent activity, including any attempt to withdraw funds that you do not own, did not transfer into your Crypto Interest Account, or did not purchase, is strictly prohibited and may result in the closure of your Crypto Interest Account. Fraudulent activity includes any attempt to take advantage of errors on the BlockFi Website, systems, applications, or technology platforms. Any errors identified should be flagged to [investigations@blockfi.com](mailto:investigations@blockfi.com) for appropriate compensation, where applicable.

## **K. Legal Process Affecting Accounts**

1. If legal action such as an attachment, garnishment, seizure, liquidation, levy or other state or federal legal process (“legal process”) is brought against your Crypto Interest Account, we may refuse to permit (or may limit) withdrawals or transfers from your account until the legal process is satisfied or dismissed. We may also be required to transfer the assets in your Crypto Interest Account at the behest of governmental or regulatory authorities pursuant to legal and regulatory actions. Regardless of the terms of such attachment, garnishment, levy or other state or federal process, we have first claim to any and all funds in your account.

2. We will not contest on your behalf any such legal process and may take action to comply with such legal process as we determine to be appropriate in the circumstances without liability to you. If we incur any expenses, including without limitation, reasonable attorney fees, in connection with any such legal process, we may charge any expenses and fees to your account or any other account you may have with us without prior notice to you, or we may bill you directly for such expenses and fees. Any garnishment, seizure, liquidation, or other levy against your account is subject to our right of setoff and security interest.

## **L. Setoff and Security Interest Rights**

1. You grant us a security interest in any and all of your Crypto Interest Accounts with us for obligations owing to us or any of our affiliates by any owner of any of your accounts. These obligations include both secured and unsecured debts and debts you owe individually or together with someone else, including debts and obligations under other transactions or agreements between you and us or any of our affiliates.

2. We may take or set off funds in any or all of your Crypto Interest Accounts, or transfer funds between any or all of your Crypto Interest Accounts, with us or any of our affiliates for direct, indirect and acquired obligations that you owe us or our affiliates, including any balances as a result of not having sufficient funds available or as a result of an erroneous transfer of funds to an address under your control, or a return or other negative balance, regardless of the source of funds in an account.

3. These rights are in addition to other rights we have to take, transfer or charge funds in your account for obligations you owe us or our affiliates. We may consider these Interest Account Terms as your consent to BlockFi’s asserting its security interest or exercising its right of setoff should any laws governing your account require your consent.

4. If the law restricts our ability to take, transfer or setoff funds in your account, or if some contributions are protected from attachment, levy or legal process, to the extent that you may do so by contract, you waive those conditions and limits and authorize us to apply funds in any or

all of your accounts with us to obligations you owe us. Exercising these rights may result in early withdrawal penalties.

5. We hereby agree that, to the extent permitted by applicable law, you may take or set off funds in your account, or any amounts we owe you with respect thereto, against the Obligations. If the law restricts your ability to take, transfer or setoff funds in your account, or if some contributions are protected from attachment, levy or legal process, to the extent that we may do so by contract, we waive those conditions and limits and authorize you to apply funds in any or all of your accounts with us to the Obligations.

## **M. Waiver**

We may delay or waive any rights we have under these Interest Account Terms. If we delay or waive our rights, you are still obligated to pay us fees and other amounts you may owe us under these Interest Account Terms. Any delay or waiver of our rights applies only to the specific instance in which we decide to delay or waive the provision and does not affect our future rights in any way.

## **N. Digital Images, e-Signatures, & Facsimile Signatures**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us.

2. If a facsimile signature is used for a withdrawal from your account, you are responsible for any withdrawal from your account when the facsimile signature resembles or purports to be the signature of a person authorized to make withdrawals from your account. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our payment of a withdrawal accompanied by a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

## **O. Closing an Account**

We have the right to close your Crypto Interest Account at any time for any reason without advance notice. In addition, your account will be closed automatically if we do not receive your initial transfer of funds to your Crypto Interest Account within sixty (60) days of the date on which your account is opened. If your account has a balance when we close it, we will return the remaining crypto assets to your BlockFi Wallet, unless prohibited by applicable law. Subject to the following sentence, if we close your Crypto Interest Account, we will pay you the accrued interest earned up to the closing date. However, if we close your Crypto Interest Account because you have breached these Interest Account Terms or the terms of any other agreement between you and us, you will not be entitled to any unpaid interest that may have otherwise accrued to your Crypto Interest Account. We will cooperate with any regulatory or governmental entity's instructions or requests with regard to your Crypto Interest Account, including freezing it and seizing its assets if mandated.

## **P. Liability for Failure to Make Transfers**

If we do not complete a transfer from your Crypto Interest Account(s) or in the correct amount as clearly instructed to us according to these Interest Account Terms, we will be liable for your actual losses or damages, subject to certain exceptions. We will not be liable, for instance: (i) if, through no fault of ours, you do not have enough funds in your account to make the transfer; (ii) if circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken; (iii) in the case of preauthorized credits, if the data from the third party is not received, is incomplete or erroneous; (iv) if your Crypto Interest Account is not in an active status; (v) due to legal requirements of regulatory restrictions; (vi) other exceptions stated in these Interest Account Terms or in another agreement with you.

## **Q. Disclosure of Account Information**

1. We will disclose information to third parties about your account or the transfers you make: (i) where it is necessary for completing transfers; (ii) in order to verify the existence and condition of your Crypto Interest Account for a third party, such as a credit bureau or merchant; (iii) in accordance with the BlockFi Terms of Service; (iv) if you give us your written permission; (v) if we close your Crypto Interest Account due to a deficient balance, excessive instances when you do not have sufficient funds in your account or to protect or enforce our legal rights; and (vi) in order to comply with government agency or court orders.

2. As long as your Crypto Interest Account remain outstanding under the Indenture, electronic access, at any time and from time to time, to records maintained by us will be available to the Trustee, including your name, mailing address, email address and tax residency information, the applicable interest payment dates and the dates and amounts of interest paid by us to your Crypto Interest Account for the immediately preceding twelve months (by crypto currency), the principal amounts of crypto assets in respect of your Crypto Interest Account then outstanding (by crypto currency), the amount of accrued but unpaid interest (by crypto currency), the terms then applicable to such Crypto Interest Account, including applicable interest rate.

## **R. Account Errors or Questions**

1. Our platform allows you to review your Crypto Interest Account and conduct certain other transactions online. You must maintain adequate security and control of any and all IDs, passwords, hints, or any other codes that you use to access your Crypto Interest Account through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your Crypto Interest Account. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your Crypto Interest Account.

2. Tell us promptly if you believe that an electronic transfer has been made without your permission. Telephoning is the best way of keeping your possible losses down. You could lose all the funds in your Crypto Interest Account (plus any other BlockFi account you own). If your statement shows transfers that you did not make, tell us immediately by contacting us [here](#).

3. Please submit a support ticket [here](#), as soon as you can, if you think your statement is wrong or if you need more information about an item listed on the statement. We must hear from you no later than thirty (30) days after we send you or make available to you the first statement on which the problem or error appeared.

4. If you tell us orally or via electronic means, we may require that you send us your complaint or question in writing, and we may request additional information within ten (10) business days. We will endeavor to determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. For errors involving new accounts, we may take up to ninety (90) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount of the error, so that you will have the use of the funds during the time it takes us to complete our investigation. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

5. If we ask you to put your complaint or question in writing, or request additional information, and do not receive it within ten (10) business days, we may not credit your account. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Interest Account Terms Last Modified: 4/14/2022

Products	✓
Institutions	✓
Resources	✓
Company	✓
Follow Us	✓





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BlockFi Lending LLC NMLS ID#1737520 | NMLS Consumer Access  
BlockFi Trading LLC NMLS ID#1873137 | NMLS Consumer Access

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Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit D**

**BlockFi Non-US Interest Account Terms of Service**



## ☰ Interest Account Terms (Non-US)

INTEREST ACCOUNT  
TERMS (NON-US)

# Interest Account Terms (Non-US)

## INTRODUCTION

Welcome to BlockFi. Our Crypto Interest Account is a crypto repository account that allows you to earn interest paid in the form of digital assets on the eligible cryptocurrency held in your account. Please read and keep these Account Terms (“Interest Account Terms”). If you need a physical copy of these Interest Account Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](https://blockfi.com). These Interest Account Terms are incorporated by reference into the BlockFi Terms of Service and Wallet Terms found here: <https://blockfi.com/terms/>

## OUR RELATIONSHIP

In these Interest Account Terms, holders of a Crypto Interest Account, including owners, employees, agents and affiliates of any business, corporation, partnership or other entity that is, or is considering becoming, an account holder are sometimes referred to in the Interest Account Terms as “you” or “your.” The provider of the Crypto Interest Account for non-U.S clients, BlockFi International Ltd., a Bermuda exempted company which holds a Class F (full) license from the Bermuda Monetary Authority to conduct digital assets business, is referred to as “BlockFi,” “we,” “us” or “our” in these Interest Account Terms. Together, you and we may be collectively referred to as “Parties.”

## ACCEPTANCE OF TERMS

By opening a Crypto Interest Account, you agree that the terms and conditions contained herein will govern your Crypto Interest Account, as modified from time to time. We reserve the right to update these Interest Account Terms at any time, and may notify you of such changes via the Website or by email at the address specified on your account application, but we have no obligation to notify you of every update.

## A. Opening and Funding Crypto Interest Account

1. Anyone residing in a jurisdiction where we offer a Crypto Interest Account and who is at least eighteen (18) years old can apply to open a Crypto Interest Account. Crypto Interest Accounts can be opened at blockfi.com, the BlockFi app or by contacting the Customer Care Center. All Crypto Interest Account holders must also have a BlockFi Wallet. Your BlockFi Wallet is governed by BlockFi Wallet Terms. If you are a non-U.S client, your Crypto Interest Account will be opened and maintained by BlockFi Lending LLC acting for and on behalf of BlockFi International Ltd.

**The Crypto Interest Accounts have not been registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States, to U.S. persons, for the account or benefit of a U.S. person or in any jurisdiction in which such offer would be prohibited.**

2. Crypto Interest Accounts are not available in Cuba, Iran, North Korea, Sudan, Syria, or any other country to which the United States and Bermuda embargoes goods or imposes similar sanctions. Crypto Interest Accounts are not available in any other jurisdiction which we determine we would not be able to or chose not to offer Crypto Interest Accounts. Due to the dynamic nature of regulatory requirements and interpretations in the cryptocurrency market, we reserve the right to update the list of prohibited jurisdictions and reject opening accounts that we determine we would be unable to accept for regulatory or policy reasons in our sole and absolute discretion.

3. Your account is not deemed to be opened, and we have no responsibility to you unless and until you have received written (which may be electronic) confirmation from us that your account has been opened. We are not obligated to accept an application from any applicant, and we reserve the right not to open an account for any applicant in our sole and absolute discretion.

4. You can open your account by transferring eligible cryptocurrency to the wallet address provided in your BlockFi account. Your cryptocurrency will be accepted by BlockFi Trading LLC, and then will be transferred to your BlockFi Wallet. From there, you can transfer cryptocurrency to your Crypto Interest Account.

5. The transfer of such eligible cryptocurrency to your Crypto Interest Account may not be deemed settled and completed until the transaction has met the specific protocol for a relevant cryptocurrency that BlockFi has defined.

6. In addition, you can add additional assets to your Crypto Interest Account by sending a wire transfer from a bank account to BlockFi Trading LLC to purchase certain cryptocurrencies as published on our website from time to time. These assets will be added to your BlockFi Wallet, and can be transferred from your BlockFi Wallet to your Crypto Interest Account. Trading activity is governed by BlockFi Trading LLC's Trading Terms, and your BlockFi Wallet is governed by BlockFi Wallet Terms. Once assets have been debited and credited to your Crypto Interest Account opened and maintained by BlockFi Lending LCC, acting for and on behalf on BlockFi International Ltd., BlockFi Trading LLC and BlockFi Wallet LLC will have no further liability or obligation to you in connection with such assets.

7. As of the date of these Interest Account Terms, there is no minimum amount required to open a Crypto Interest Account. We may, in our sole discretion, institute a minimum balance in the future, and such minimum balance will apply to your Crypto Interest Account.

## **B. How Accounts Can Be Owned**

Crypto Interest Accounts can be held in the types of ownership described below. Each individual or business entity shall only be permitted to maintain a single Crypto Interest Account at any given time.

1. Individual Account. This account is owned by only one person or entity who can transfer or withdraw cryptocurrency held in the account. There is a 1 (one) individual Crypto Interest Account maximum per individual.

2. Business Account. This account is owned by a corporation, unincorporated association, limited liability company, limited liability partnership, fiduciary, partnership, sole proprietorship or other entity holding an account in any capacity other than an individual capacity. Each person or entity completing any account opening requirements represents and agrees that he or she (i) is fully authorized to execute all documents or otherwise complete our requirements in his or her stated capacity, (ii) has furnished all documents or other information necessary to demonstrate that authority, and (iii) will furnish other documents and complete other requirements as we may request from time to time. We may refuse to recognize any resolution affecting your business account that appears to us to be incomplete or improperly executed.

## **C. How Interest Is Calculated**

1. Interest on the Crypto Interest Account is variable. We publish our interest rates on our Website at <https://blockfi.com/rates>. Changes to interest rates will be posted or messaged to you before changes are made, typically before the first business day of each month. Our interest rate may be tiered, with specified rates in effect at any time only applied to specified portions of amounts in a Crypto Interest Account. Interest will be payable in arrears and added to the principal in your account on a monthly basis.

2. We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the specified principal in the account on each day. The daily periodic rate is calculated by dividing the applicable interest rate by the number of days in the year. We will determine the interest rates and tiers for each month in our sole discretion, and you acknowledge that your account is not a bank deposit account and such rates may not be equivalent to benchmark interest rates observed in the market for bank deposit accounts.

## **D. How Interest Is Paid**

1. We will credit your Crypto Interest Account with the interest earned within five business days following the end of each calendar month. Your account must be open on such date in order for you to receive this interest payment. All interest will be paid in cryptocurrency. The accrued interest will be calculated and paid to the one hundred millionth of the relevant unit of cryptocurrency. Any digits beyond that will be truncated; balances and interest payments on account statements will be truncated to eight decimal digits (one hundred millionth of a unit). Once interest has been credited to your account, you will earn interest on it in future months.

2. You may elect to have your interest paid in any cryptocurrency we support, in our discretion as may be modified from time to time, by adjusting the default settings on your online account dashboard at least 2 business days prior to the last business day of the calendar month. If you do

not make an election prior to such deadline or otherwise do not adjust the default settings, interest will be paid in kind (i.e., in the type of cryptocurrency that is earning interest). Once an election has been made it will remain the interest accrual election for your Crypto Interest Account until a subsequent timely election is made. If you elect for interest to be paid in a cryptocurrency that is different from the cryptocurrency on which the interest has been earned, BlockFi may charge an administrative fee of up to 1.5% of the total amount of interest accrued for such month, depending on the cryptocurrency selected and market conditions at the time of the payment.

## E. Withdrawals

1. You may make a request for complete or partial withdrawal of principal from your Crypto Interest Account at any time. Any withdrawal of principal will be transferred instantly to your BlockFi Wallet and any withdrawal from your BlockFi Wallet will be subject to BlockFi Wallet Terms. Any interest that has accrued but not been credited to your account on a month-end basis is not eligible for withdrawal until the fifth business day of the following month.

2. Withdrawal limits based on frequency and amount may apply from time-to-time and will be described in your Crypto Interest Account interface and on our Website at <https://blockfi.com/fees>.

3. BlockFi and our third party partners may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently. BlockFi is not and will not be responsible or liable for any loss or damage of any sort incurred by you as a result of such cyber-attacks, operational or technical difficulties or suspensions of transfers or withdrawals.

## F. Taxes

1. You will be able to see a record of the transactions related to your Crypto Interest Account which you may wish to use for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority.

2. We will make any tax withholdings or filings that we are required by law to make, but we are not responsible for determining whether taxes apply to your transaction, or for collecting, reporting, or remitting any taxes arising from any transaction. You are responsible for complying with all applicable law, whether federal, state, local, or non-U.S. You agree that BlockFi is not responsible for determining whether or which laws may apply to your transactions, including tax law. You are solely responsible for reporting and paying any taxes arising from your Crypto Interest Account.

## G. Utilization of Assets

1. Except where prohibited or limited by applicable law, BlockFi has the right, without further notice to you, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest or use any amount of such cryptocurrency, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in

BlockFi's possession and/or control a like amount of cryptocurrency, and to use or invest such cryptocurrency at its own risk.

2. You acknowledge that, with respect to assets used by BlockFi pursuant to this paragraph: (i) you will not be able to exercise rights of ownership, (ii) BlockFi may receive compensation in connection with lending or otherwise using or investing cryptocurrency in its business to which you will have no entitlement, and (iii) cryptocurrency that is subject to such lending transactions, investment or otherwise being used in these transactions will not be held by BlockFi's third party custodians.

## **H. Valid Authorization**

You hereby represent and warrant to us at all times during which you maintain a balance in your Crypto Interest Account that: (i) any cryptocurrency that you transferred into your Crypto Interest Account is owned by you at the time of transfer; and (ii) you are validly authorized to instruct us to carry out transactions relating to your Crypto Interest Account balance and that all transactions initiated with your Crypto Interest Account are for your own account (or, in the case of business accounts, for your business's account) and not on behalf of any other person or entity.

## **I. General Rules Governing Crypto Interest Accounts**

1. If you are a non-U.S client, all of our actions relating to your account, including these Interest Account Terms, will be governed by the laws and regulations of Bermuda. Any lawsuit regarding your account must be brought in the courts of Bermuda. If any part of these Interest Account Terms is determined to be invalid or unenforceable, such determination will not affect the remainder of these Interest Account Terms.

2. We reserve the right at all times to monitor, review, retain and/or disclose any information as necessary to satisfy any applicable law, regulation, legal process or governmental request.

3. These Interest Account Terms and the relationship created hereby do not create a fiduciary relationship between us.

4. We may follow instructions regarding your Crypto Interest Account if we reasonably believe that you have authorized the instructions.

5. We will make statements for your BlockFi account available to you by email and/or online at blockfi.com. All of your accounts and (in our discretion) those of any of your affiliates may be combined into one statement.

6. We will make available to you a periodic statement showing the activity on your account and containing information sufficient to allow you to reasonably identify transactions. You must examine the statement and notify us of any unauthorized use or any error or irregularity on the statement within 30 calendar days after the statement is sent or made available to you. If notice is not received within the 30-calendar day period, then we will have no liability to you and any losses will be entirely yours.

7. Your Crypto Interest Account is not transferable or assignable to another person in whole or in part.

8. BlockFi is required by law to turn over the funds in abandoned or unclaimed customer accounts to the state of your last known residence. You must promptly notify us of any change in your residential mailing or email address. Failure to notify us may result in delay or non-receipt of BlockFi correspondence.

9. We may record and monitor our telephone conversations with you and your electronic communications with us (chat, e-mail and other forms of electronic exchange). Unless the law requires otherwise, you consent in advance to such recording and monitoring and we do not need to remind you of these activities.

10. For purposes of these Interest Account Terms, our business days are Monday through Friday. Saturdays, Sundays and all federal and New York State or Bermuda holidays are not included.

11. We reserve the right to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your account and/or closing your accounts without prior notice to you unless prior notice is required by law. We do not bear liability for such actions. In addition, BlockFi reserves the right to withhold or delay the withdrawal of funds or assets belonging to you if you fail to comply with these Interest Account Terms.

## **J. Indemnification and Limitation of Liability; Attorney's Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your use of your Crypto Interest Account or our activities in connection with such account, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while using your Crypto Interest Account, regardless of whether the specific use was expressly authorized by you.

2. We are not liable to you for claims, costs, losses or damages caused by an event that is beyond our reasonable control (e.g., the acts or omissions of third parties, natural disaster, emergency conditions, disease epidemics/pandemics such as Covid-19, government action, equipment or communications malfunction).

3. We are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind.

4. Except for any setoff permitted by applicable law, any amounts owed or liabilities incurred by us ("Obligations") may be satisfied solely from the assets of BlockFi Lending LLC for and on behalf of BlockFi International Ltd. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than BlockFi Lending LLC for Obligations, including, without limitation, any member, affiliate, investor, employee,



officer, agent or advisor of BlockFi Lending LLC. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

5. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any funds not properly credited or debited.

## **K. Risk Disclosure**

1. Your Crypto Interest Account is not a checking or savings account, and it is not covered by insurance against losses. We will pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer or use funds and cryptocurrency assets to counterparties, and such cryptocurrency assets will be exposed to various risks as a result of such transactions. In certain jurisdictions, cryptocurrency is not legal tender, and is not backed by the government or any regulatory authority. Accounts and value balances are not insured and are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections. Your Crypto Interest Account is not registered with any federal or state securities regulatory authority. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

2. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If you attempt to transfer assets to an unsupported wallet or using an unsupported network, or if you attempt to transfer assets other than eligible cryptocurrency (including any unsupported digital assets) to your Crypto Interest Account, such assets may be permanently lost. We assume no liability, obligation or responsibility whatsoever with respect to any unsupported digital asset or any asset that is transferred using an unsupported network or to an unsupported wallet. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

3. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi may prevent the access or use of a customer's cryptocurrency. Any bond or trust account maintained by BlockFi for the benefit of its customers may not be sufficient to cover all losses incurred by customers. In light of these risks, you should carefully consider whether holding cryptocurrency in a BlockFi account is suitable.

## **L. Conflict/Disputes Involving Your Account**

1. We are not liable to you for errors that do not result in financial loss to you. We may take any action authorized or permitted by these Interest Account Terms without being liable to you, even if such action causes you to incur fees, expenses or damages.

2. If third parties make claims on your account, or if we receive conflicting instructions from authorized signers, or if we become involved in or concerned about a dispute between you and an authorized signer, we have discretion to act in ways we believe to be appropriate, including by closing your Crypto Interest Account and returning the cryptocurrency in such account. You are liable for all expenses and fees we incur for such conflicts or disputes, including internal costs and attorneys' fees, and we may charge them to your Crypto Interest Account.

3. Fraudulent activity, including any attempt to withdraw funds that you do not own, did not transfer into your Crypto Interest Account, or did not purchase, is strictly prohibited and may result in the closure of your Crypto Interest Account. Fraudulent activity includes any attempt to take advantage of errors on the BlockFi Website, systems, applications, or technology platforms. Any errors identified should be flagged to [investigations@blockfi.com](mailto:investigations@blockfi.com) for appropriate compensation, where applicable.

## **M. Legal Process Affecting Accounts**

1. If legal action such as an attachment, garnishment, seizure, liquidation, levy or other state or federal legal process ("legal process") is brought against your Crypto Interest Account, we may refuse to permit (or may limit) withdrawals or transfers from your account until the legal process is satisfied or dismissed. We may also be required to transfer the assets in your Crypto Interest Account at the behest of governmental or regulatory authorities pursuant to legal and regulatory actions. Regardless of the terms of such attachment, garnishment, levy or other state or federal process, we have first claim to any and all funds in your account.

2. We will not contest on your behalf any such legal process and may take action to comply with such legal process as we determine to be appropriate in the circumstances without liability to you. If we incur any expenses, including without limitation, reasonable attorney fees, in connection with any such legal process, we may charge any expenses and fees to your account or any other account you may have with us without prior notice to you, or we may bill you directly for such expenses and fees. Any garnishment, seizure, liquidation, or other levy against your account is subject to our right of setoff and security interest.

## **N. Setoff and Security Interest Rights**

1. You grant us a security interest in any and all of your Crypto Interest Accounts with us for obligations owing to us or any of our affiliates by any owner of any of your accounts. These obligations include both secured and unsecured debts and debts you owe individually or together with someone else, including debts and obligations under other transactions or agreements between you and us or any of our affiliates.

2. We may take or set off funds in any or all of your Crypto Interest Accounts, or transfer funds between any or all of your Crypto Interest Accounts, with us or any of our affiliates for direct, indirect and acquired obligations that you owe us or our affiliates, including any balances as a result of not having sufficient funds available or as a result of an erroneous transfer of funds to an address under your control, or a return or other negative balance, regardless of the source of funds in an account.

3. These rights are in addition to other rights we have to take, transfer or charge funds in your account for obligations you owe us or our affiliates. We may consider these Interest Account

Terms as your consent to BlockFi's asserting its security interest or exercising its right of setoff should any laws governing your account require your consent.

4. If the law restricts our ability to take, transfer or setoff funds in your account, or if some contributions are protected from attachment, levy or legal process, to the extent that you may do so by contract, you waive those conditions and limits and authorize us to apply funds in any or all of your accounts with us to obligations you owe us. Exercising these rights may result in early withdrawal penalties.

5. We hereby agree that, to the extent permitted by applicable law, you may take or set off funds in your account, or any amounts we owe you with respect thereto, against the Obligations. If the law restricts your ability to take, transfer or setoff funds in your account, or if some contributions are protected from attachment, levy or legal process, to the extent that we may do so by contract, we waive those conditions and limits and authorize you to apply funds in any or all of your accounts with us to the Obligations.

## **O. Waiver**

We may delay or waive any rights we have under these Interest Account Terms. If we delay or waive our rights, you are still obligated to pay us fees and other amounts you may owe us under these Interest Account Terms. Any delay or waiver of our rights applies only to the specific instance in which we decide to delay or waive the provision and does not affect our future rights in any way.

## **P. Digital Images, e-Signatures, & Facsimile Signatures**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us.

2. If a facsimile signature is used for a withdrawal from your account, you are responsible for any withdrawal from your account when the facsimile signature resembles or purports to be the signature of a person authorized to make withdrawals from your account. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our payment of a withdrawal accompanied by a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

## **Q. Closing an Account**

We have the right to close your Crypto Interest Account at any time for any reason without advance notice. In addition, your account will be closed automatically if we do not receive your initial transfer of funds to your Crypto Interest Account within sixty (60) days of the date on which your account is opened. If your account has a balance when we close it, we will return the remaining crypto assets to your BlockFi Wallet, unless prohibited by applicable law. Subject to the following sentence, if we close your Crypto Interest Account, we will pay you the accrued interest earned up to the closing date. However, if we close your Crypto Interest Account because you have breached these Interest Account Terms or the terms of any other agreement between you and us, you will not be entitled to any unpaid interest that may have otherwise accrued to your Crypto Interest Account. We will cooperate with any regulatory or governmental

entity's instructions or requests with regard to your Crypto Interest Account, including freezing it and seizing its assets if mandated.

## **R. Liability for Failure to Make Transfers**

If we do not complete a transfer to or from your Crypto Interest Account(s) or in the correct amount as clearly instructed to us according to these Interest Account Terms, we will be liable for your actual losses or damages, subject to certain exceptions. We will not be liable, for instance: (i) if, through no fault of ours, you do not have enough funds in your account to make the transfer; (ii) if circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken; (iii) in the case of preauthorized credits, if the data from the third party is not received, is incomplete or erroneous; (iv) if your Crypto Interest Account is not in an active status; (v) due to legal requirements of regulatory restrictions; (vi) other exceptions stated in these Interest Account Terms or in another agreement with you.

## **S. Disclosure of Account Information**

We will disclose information to third parties about your account or the transfers you make: (i) where it is necessary for completing transfers; (ii) in order to verify the existence and condition of your Crypto Interest Account for a third party, such as a credit bureau or merchant; (iii) in accordance with the BlockFi Terms of Service; (iv) if you give us your written permission; (v) if we close your Crypto Interest Account due to a deficient balance, excessive instances when you do not have sufficient funds in your account or to protect or enforce our legal rights; and (vi) in order to comply with government agency or court orders.

## **T. Account Errors or Questions**

1. Our platform allows you to review your Crypto Interest Account and conduct certain other transactions online. You must maintain adequate security and control of any and all IDs, passwords, hints, or any other codes that you use to access your Crypto Interest Account through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your Crypto Interest Account. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your Crypto Interest Account.
2. Tell us promptly if you believe that an electronic transfer has been made without your permission. Telephoning is the best way of keeping your possible losses down. You could lose all the funds in your Crypto Interest Account (plus any other BlockFi account you own). If your statement shows transfers that you did not make, tell us immediately by contacting us [here](#).
3. Please submit a support ticket [here](#), as soon as you can, if you think your statement is wrong or if you need more information about an item listed on the statement. We must hear from you no later than thirty (30) days after we send you or make available to you the first statement on which the problem or error appeared.
4. If you tell us orally or via electronic means, we may require that you send us your complaint or question in writing, and we may request additional information within ten (10) business days. We will endeavor to determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to

forty-five (45) days to investigate your complaint or question. For errors involving new accounts, we may take up to ninety (90) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount of the error, so that you will have the use of the funds during the time it takes us to complete our investigation. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

5. If we ask you to put your complaint or question in writing, or request additional information, and do not receive it within ten (10) business days, we may not credit your account. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Interest Account Terms Last Modified: 2/14/2022

Products	▼
Institutions	▼
Resources	▼
Company	▼
Follow Us	▼



Everything you need on-the go

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BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit E**

**BlockFi Trading Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



☰ Trading Terms

TRADING TERMS

# Trading Terms

## INTRODUCTION

Welcome to BlockFi. If you have a BlockFi Wallet to hold digital assets, which we sometimes refer to as “cryptocurrency” or “crypto”, you are eligible to buy and sell eligible cryptocurrency, which we refer to as “trading activity”. We refer to purchases and sales of eligible cryptocurrency as “trading activity.” Trading activity is governed by these Trading Terms (“Trading Terms”). Please read and keep these Trading Terms. If you need a physical copy of these Trading Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](#). These Trading Terms are incorporated by reference into the BlockFi Terms of Service and Wallet Terms, which are found here: <https://blockfi.com/terms/>.

## OUR RELATIONSHIP

In these Trading Terms, holders of a BlockFi Wallet, including owners, employees, agents and affiliates of any business, corporation, partnership or other entity that is, or is considering becoming, an account holder are sometimes referred to as “you” or “your.” BlockFi Trading is the provider of the BlockFi Wallet if you are US client and your counterparty when you conduct trading activity and BlockFi International Ltd. (“BlockFi International”) acting on its own behalf or through one or more of its affiliates, is the provider of BlockFi Wallet if you are a non-US client and is your your counterparty when you conduct trading activity. BlockFi Trading and BlockFi International, either together or separately as applicable, are referred to as “we,” “us” or “our” in these Trading Terms. Together, you and we may be collectively referred to as “Parties.”

## ACCEPTANCE OF TERMS



By conducting any trading activity, you agree that the terms and conditions contained in these Trading Terms will govern such activity, as modified from time to time. We reserve the right to update these Trading Terms at any time and may notify you of such changes via the Website or by email at the address specified on your account application for your BlockFi Wallet, but we have no obligation to notify you of every update.

## A. Trading

1. Any trading activity is self-directed. That means that you are responsible for all purchase and sell orders, decisions to implement or maintain an investment strategy, decisions to hold or sell crypto and selection of the type of crypto to hold or sell. You agree that any investment decision you make does not rely on any advice from BlockFi Trading or BlockFi International (as applicable) or any of its affiliates (collectively, "BlockFi") and is at your own risk. You must determine the suitability of any trade, investment, investment strategy, and risk associated with your trading activity.
2. We publish market prices for eligible crypto as we receive them from unrelated third-party sources. That market price will be displayed on our Online Platform but will not be a price at which you can trade. The current prices at which you can trade include a spread (above or below) the market prices sourced from third-parties. Any such spread may change from time to time based on market conditions and may be different for different types of eligible crypto. Our Online Platform may not reflect the best price in active trading markets. You and BlockFi will be entering into any trade or transaction on a principal, not an agency, basis.
3. If you send any fiat currency to us via wire transfer or through the Automated Clearing House (ACH) networks, you are instructing us to purchase an equal amount of "stablecoin" digital assets and to settle and deliver such stablecoins (which may be done by book-entry) you purchased into your BlockFi Wallet. By entering into a trade with us, you are instructing us to settle and deliver the supported digital asset (which may be done by book-entry) you purchased into your BlockFi Wallet. Since we are acting as principal when conducting trading activity, we may or may not choose to enter into offsetting purchases and sales or otherwise hedge our obligations under any purchase or sale executed by you. If we choose to enter into offsetting purchases or sales or to otherwise hedge, we may earn a trading profit or loss in connection with such purchase or sale transactions. The amount and magnitude of such trading profit or loss, if any, will depend on a number of factors, including, but not limited to, the prevailing market conditions at the time of entering into offsetting transactions or closing out hedges. Since future market conditions are unknown, it is not possible to accurately determine in advance whether we will realize a trading profit or loss.
4. You may schedule a specified trading activity to repeat at specific intervals, including daily, weekly or monthly (each, a "Repeat Trade"). If you have established a weekly Repeat Trade, then the trading activity will be scheduled to occur on the same day of each week as the initial trading activity in such Repeat Trade (for example, every Wednesday). If you have established a monthly Repeat Trade, then the trading activity will be scheduled to occur on either the first or the fifteenth day of each month, based on your election when you initiate the Repeat Trade. Each Repeat Trade will be deemed to constitute a valid order and authorization from you to us, on the date of each trading activity scheduled for each Repeat Trade, to sell cryptocurrency and/or purchase cryptocurrency, in each case, identified in the applicable Repeat Trade. Any termination or cancellation of a Repeat Trade will be effective as soon as we have received your

request and had a reasonable amount of time to act upon it. The initial trading activity for each Repeat Trade will not occur until you have submitted your Repeat Trade instruction and we have had a reasonable amount of time to act upon it. We can terminate any future trading activity under a Repeat Trade without notice at any time for any reason.

5. You agree that we may accept or refuse any order, or delay placing any order, if we determine that it is necessary or appropriate to do so. Additionally, you may suffer market losses during periods of volatility in the price and volume of eligible crypto, particularly when system issues result in the inability to buy or sell eligible crypto. You agree that you will not hold BlockFi responsible for any losses caused by such refusal or delay or such inability to transact.

6. Trading activity will not be permitted in any jurisdiction or country where BlockFi Wallet is not available. It is possible that trading activity may be prohibited in jurisdictions or countries even if a BlockFi Wallet is available. Due to the dynamic nature of regulatory requirements and interpretations in the cryptocurrency market, we reserve the right to update the list of prohibited jurisdictions and reject trading activity where we determine it is appropriate to do so in our sole and absolute discretion.

## **B. Taxes**

1. You will be able to see a record of the transactions related to your trading activity as set forth in the BlockFi Wallet Terms. You may wish to use such records for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to any gains or losses or to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority.

2. We will make any tax withholdings or filings that we are required by law to make, but we are not responsible for determining whether taxes apply to your transaction, or for collecting or remitting any taxes arising from any transaction. You are responsible for complying with all applicable law, whether federal, state, local, or non-U.S. You agree that BlockFi is not responsible for determining whether or which laws may apply to your transactions, including tax law. You are solely responsible for paying any taxes arising from your trading activity and filing any reports that you are required to file.

## **C. General Rules Governing Trading Terms**

1. In the case of US clients, all of our actions relating to your trading activity will be governed by the laws and regulations of the United States and, to the extent not preempted, the laws and regulations of the State of New Jersey. Any lawsuit regarding your trading activity must be brought in a proper court in the State of New Jersey, City of Jersey City.

2. In the case of non-US clients, all of our actions relating to your trading activity will be governed by the laws and regulations of Bermuda. Any lawsuit regarding your trading activity must be brought in the courts of Bermuda.

3. If any part of these Trading Terms is determined to be invalid or unenforceable in accordance with applicable law, such determination will not affect the remainder of these Trading Terms.

4. We reserve the right at all times to monitor, review, retain and/or disclose any information as necessary to satisfy any applicable law, regulation, legal process or governmental request.

5. These Trading Terms and the relationship created hereby do not create a fiduciary relationship between us.

6. We may follow instructions regarding your trading activity if we reasonably believe that you have authorized the instructions.

7. We will make statements for your trading activity available to you by email and/or online at blockfi.com. All of your accounts and (in our discretion) those of any of your affiliates may be combined into one statement.

8. We will make available (by email and/or online at blockfi.com) to you a periodic statement showing the activity on your account and containing information sufficient to allow you to reasonably identify transactions. You must examine the statement and notify us of any unauthorized use or any error or irregularity on the statement within 30 calendar days after the statement is sent or made available to you. If notice is not received within the 30-calendar day period, then we will have no liability to you and any losses will be entirely yours.

9. We may record and monitor our telephone conversations with you and your electronic communications with us (chat, e-mail and other forms of electronic exchange). Unless the law requires otherwise, you consent in advance to such recording and monitoring and we do not need to remind you of these activities.

10. For purposes of these Trading Terms, our business days are Monday through Friday. Saturdays, Sundays and all US federal and New Jersey State or Bermuda are not included.

11. We reserve the right to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your trading activity without prior notice to you unless prior notice is required by law. We do not bear liability for such actions.

12. If any previously initiated transfer of fiat currency via an ACH network is returned for any reason (including because of insufficient funds), any related trade will not be considered settled, and, in addition to the other rights and remedies provided in these Trading Terms, BlockFi may, in its sole discretion, reverse any such trades.

#### **D. Indemnification and Limitation of Liability; Attorney's Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your trading activity, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while conducting trading activity, regardless of whether the specific use was expressly authorized by you.

2. We are not liable to you for claims, costs, losses or damages caused by an event that is beyond our reasonable control (e.g., the acts or omissions of third parties, natural disaster, emergency

conditions, disease epidemics/pandemics such as Covid-19, government action, equipment or communications malfunction).

3. We are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind.

4. Except for any setoff permitted by applicable law, any amounts owed or liabilities incurred by pursuant to trading activity ("Obligations") may be satisfied solely from the assets of BlockFi Trading or BlockFi International, as applicable. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than BlockFi Trading or BlockFi International, as applicable for Obligations, including, without limitation, any member, affiliate, investor, employee, officer, agent or advisor of BlockFi Trading or BlockFi International. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

5. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any funds not properly credited or debited.

#### **E. Risk Disclosure.**

1. Supported digital assets purchased by you pursuant to trading activity and transactions with us will be settled and delivered (which may be done by book-entry) into your BlockFi Wallet. Cryptocurrency is not legal tender, and is not backed by the government. Accounts and value balances are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

2. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the client initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

3. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi may prevent the access or use of a client's cryptocurrency. Any bond or trust account maintained by us for the benefit of our may not clients be sufficient to cover all losses incurred by the clients. In light of these risks, you should carefully consider whether holding cryptocurrency in a BlockFi Wallet is suitable.

4. We may settle any trading activity through book-entry. At any given time, there is no assurance that all purchased digital assets will be immediately transferred into your BlockFi

Wallet. Therefore, you may be subject to our credit risk. Your right to receive purchased digital assets will not be secured by any property nor insured by any insurance. Your right to receive purchased digital assets may be subordinated to any of our secured debt and rank equally with any of our other debt obligations. This means that, in a bankruptcy or liquidation proceeding against us, your right to receive digital assets in your BlockFi Wallet may rank equally in right of payment with all our other unsecured and unsubordinated debt. In such an event, you may lose the entire value of your BlockFi Wallet.

## **F. Conflict/Disputes**

1. We may take any action authorized or permitted by these Trading Terms without being liable to you, even if such action causes you to incur fees, expenses or damages.
2. If we receive conflicting instructions from authorized persons, or if we become involved in or concerned about a dispute between you and an authorized person, we have discretion to act in ways we believe to be appropriate, including by prohibiting trading activity, closing your BlockFi Wallet and returning the digital assets in such account. You are liable for all expenses and fees we incur for such conflicts or disputes, including internal costs and external attorneys' fees, and we may charge them to your BlockFi Wallet.
3. Fraudulent activity, including any attempt to conduct trading activity with insufficient cryptocurrency assets is strictly prohibited and may result in the prohibition of trading activity or the closure of your BlockFi Wallet. Fraudulent activity includes any attempt to take advantage of errors on the BlockFi Website, systems, applications, or technology platforms. Any errors identified should be flagged to [investigations@blockfi.com](mailto:investigations@blockfi.com) for appropriate compensation, where applicable.

## **G. Waiver**

1. We may delay or waive any rights we have under these Trading Terms. If we delay or waive our rights, you are still obligated to pay us fees and other amounts you may owe us under these Trading Terms. Any delay or waiver of our rights applies only to the specific instance in which we decide to delay or waive the provision and does not affect our future rights in any way.

## **H. Digital Images, e-Signatures, & Facsimile Signatures**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us.
2. We may rely on facsimile signatures when the facsimile signature resembles or purports to be the signature of an authorized person. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our reliance on a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

## **I. Liability for Failure to Make Transfers**

1. We will not be liable for any actual losses or damages to you except such losses or damages that result from our gross negligence or willful misconduct. For example, we will not be liable: (i) if, through no fault of ours, you do not have enough cryptocurrency in your BlockFi Wallet to conduct the trading activity; (ii) if circumstances beyond our control (such as fire, pandemic or flood) prevent the transfer, despite reasonable precautions that we have taken; (iii) in the case of preauthorized credits, if the data from the third party is not received, is incomplete or erroneous; (iv) if your BlockFi Wallet is not in an active status; (v) due to legal requirements of regulatory restrictions; and (vi) other exceptions stated in these Trading Terms or in another agreement with you, including your BlockFi Wallet Terms.

#### **J. Disclosure of Account Information**

1. We will disclose information to third parties about your trading activity: (i) where it is necessary for completing transfers and transactions; (ii) in accordance with the BlockFi Terms of Service or BlockFi Wallet Terms; (iii) if you give us your written permission; (iv) if we close your BlockFi Wallet due to a deficient balance, excessive instances when you do not have sufficient funds in your account or to protect or enforce our legal rights; and (v) in order to comply with government agency or court orders.

#### **K. Account Errors or Questions.**

1. Our platform allows you to review your BlockFi Wallet and conduct certain other transactions, including trading activity, online. You must maintain adequate security and control of any and all IDs, passwords, hints, or any other codes that you use to access your BlockFi Wallet through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your BlockFi Wallet, which may result in unauthorized trading activity. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your BlockFi Wallet, including unauthorized trading activity.

2. Tell us promptly if you believe that an electronic transfer or transaction has been made without your permission. Telephoning is the best way of keeping your possible losses down. You could lose all the funds in your BlockFi Wallet (plus any other BlockFi account you own). If your statement shows transfers or transactions that you did not make, tell us immediately by contacting us [here](#).

3. Please submit a support ticket [here](#), as soon as you can, if you think your statement is wrong or if you need more information about an item listed on the statement. We must hear from you no later than thirty (30) days after we send you or make available to you the first statement on which the problem or error appeared.

4. If you tell us orally or via electronic means, we may require that you send us your complaint or question in writing, and we may request additional information within ten (10) business days. We will endeavor to determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. For errors involving new accounts, we may take up to ninety (90) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount of the error, so that you will have the use of the funds during the time it takes us to complete our investigation. For

new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

5. If we ask you to put your complaint or question in writing, or request additional information, and do not receive it within ten (10) business days, we may not credit your account. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Trading Terms last modified 6/28/2022

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Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit F**

**BPC Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



☰ Private Client Terms

PRIVATE CLIENT TERMS

# Private Client Terms

**BlockFi Private Client Terms (formerly known as BlockFi Personalized Yield Terms)**

## INTRODUCTION

Welcome to BlockFi. Our BlockFi Private Client program, formerly known as BlockFi Personalized Yield (“Private Client”) allows our clients (“you” or “your”) to lend certain cryptocurrency to BlockFi Lending LLC, in the case of clients that are resident or based in the United States, and BlockFi International Ltd., a Bermuda exempted company which holds a Class F (full) license from the Bermuda Monetary Authority to conduct digital assets business, in the case of clients that are resident or based outside of the United States (“BlockFi”, “Borrower,” “we,” “us” or “our”). To participate in the Private Client program, you must agree to these BlockFi Private Client Terms (“Terms”) and enter into a separate Master Digital Currency Loan Agreement with BlockFi.

By choosing to participate in our Private Client program, you agree and acknowledge that you have read, understood, and agree to the Terms. In addition, the BlockFi Terms of Service are incorporated by reference herein and are found here: <https://blockfi.com/terms/>. Any defined terms used herein, if defined in the BlockFi Terms of Service, shall have the same meaning as set forth in the BlockFi Terms of Service. We reserve the right to update these Terms and the BlockFi Terms of Service at any time and may notify you of such changes via the Website or by email at the address specified on your account application, but we have no obligation to notify you of every update. Your continued participation in the Private Client program following any change or update shall constitute your agreement to the amended Terms, and you agree to be legally bound by the amended Terms.

Please read and keep these Terms. If you need a physical copy of these Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](#).

## **A. Participation in BlockFi Private Client Program**

1. Anyone residing in a jurisdiction where we offer the Private Client program and who is at least eighteen (18) years old and represents and agrees to be legally bound by these Terms can participate in the Private Client program.

2. The Private Client program is not available in Cuba, Iran, North Korea, Sudan, Syria, or any other country to which the United States or Bermuda embargoes goods or imposes similar sanctions. The Private Client program is not available in the State of New York, or any other jurisdiction which we determine we would not be able to or chose not to offer the Private Client program. Due to the dynamic nature of regulatory requirements and interpretations in the cryptocurrency market, we reserve the right to update the list of prohibited jurisdictions and that we determine we would be unable to accept for regulatory or policy reasons in our sole and absolute discretion.

## **B. Master Digital Currency Loan Agreement**

In order to participate in the Private Client program, you must enter into a Master Digital Currency Loan Agreement with the Borrower ("Loan Agreement"), which sets forth the terms for loans of your available cryptocurrency ("Loans"). You understand and agree that certain terms of the Loan, such as interest rates, maturity dates, loaned cryptocurrency, etc., will be negotiated at the time the Loan is made and all Loans made under the Loan Agreement shall have the terms and conditions as set forth in the Loan Agreement and the applicable loan term Sheet for each Loan. We will present you with the Loan Agreement and each Loan Term Sheet for your electronic signature through email or other available means. You are responsible for compliance with the terms of the Loan Agreement and each Loan Term Sheet, and you should review the terms carefully before you make any Loans to the Borrower. You understand and agree that, upon your participation in the Private Client program, all cryptocurrency, except for cryptocurrency held in your BlockFi Wallet account or provided as collateral for a fiat loan that you transfer to BlockFi, will be considered a Loan subject to these Terms and the Loan Agreement and all such cryptocurrency will not be subject to the BlockFi Interest Account Terms.

## **C. BlockFi Private Client Fixed Term and Open Term Loans**

Loans may have specified maturity dates, which we refer to herein as BlockFi Private Client Fixed Term ("Fixed Term Loan"), and any Loans without specified maturity dates are referred to herein as BlockFi Private Client Open Term Loans ("Open Term Loan"), also known as Term Loan and Open Loan respectively in the Loan Agreement and applicable Loan Term Sheet. If, pursuant to the specific terms of your Loan Agreement and the applicable Loan Term Sheet, your Loan is a Fixed Term Loan, you may elect to terminate a Fixed Term Loan, in whole or in part, prior to the applicable maturity date, upon prior written notice to BlockFi. BlockFi will confirm the termination of such Fixed Term Loan in writing, along with confirmation of any early termination fee that may be applicable. Any early termination fees charged for the early termination of the Fixed Term Loan will be deducted from the principal amount of such Fixed Term Loan. Please note it may take up to 10 days to process early terminations of Fixed Term Loans. If you enter into

a Fixed Term Loan, any cryptocurrency you transfer to BlockFi under the Private Client program prior to the start date of such Fixed Term Loan will be deemed borrowed through an Open Term Loan until such start date. In addition, if you enter into a Fixed Term Loan and transfer the agreed amount of cryptocurrency to BlockFi after the start date of such Fixed Term Loan, then the cryptocurrency will be deemed borrowed through an Open Term Loan until a modified Fixed Term Loan start date is agreed upon between you and Borrower in writing. Upon termination of a Fixed Term Loan on the applicable maturity date, such Fixed Term Loan will be automatically converted into an Open Term Loan, and you will earn interest on such Open Term Loan at the applicable interest rate set forth in the applicable Loan Term Sheet. Open Term Loans may be terminated, in whole or in part, at any time upon request by you through the BlockFi account interface or the Borrower in writing to you.

#### **D. How Interest Is Calculated**

Interest on each Loan will be calculated in accordance with the agreed upon interest rate in the applicable Loan Term Sheet for each Loan. We use the daily balance method to calculate the interest on your Loan. This method applies a daily periodic rate to the specified principal of your Loan on each day. The daily periodic rate is calculated by dividing the applicable interest rate by the number of days in the year.

#### **E. How Interest Is Paid**

1. Interest will be payable in arrears. Interest on Fixed Term Loans will be paid at the end of the term on the next Thursday of the week after the maturity date of the Fixed Term Loan specified in the applicable Loan Term Sheet. The interest on Fixed Term loan will be credited to your Open Term Loan. Interest on Open Term Loans will be paid within five business days following the end of each calendar month. Interest on Open Term Loan will be paid on a monthly basis and added to the principal of the Open Term Loan on a monthly basis. All interest will be paid in cryptocurrency. The accrued interest will be calculated and paid to the one hundred millionth of the relevant unit of cryptocurrency. Any digits beyond that will be truncated; balances and interest payments on account statements will be truncated to eight decimal digits (one hundred millionth of a unit). Once interest has been credited to your Open Term Loan, you will earn the effective interest on it in future months.

2. Interest on Fixed Term Loans will be payable in the same cryptocurrency as that of the underlying Fixed Term Loan, unless otherwise agreed to in the applicable Loan Term Sheet. You may elect to have your interest paid on Open Term Loans in any cryptocurrency we support, in our discretion as may be modified from time to time, by agreeing to the same in the applicable Loan Term Sheet or by adjusting the default settings on your online account interface at least 2 business days prior to the last business day of the calendar month. If you do not make an election prior to such deadline, interest will be paid in kind (i.e., in the type of cryptocurrency that is earning interest). Once an election has been made it will remain the interest accrual election for your Open Term Loan until a subsequent timely election is made. If you elect for interest to be paid in a cryptocurrency that is different from the cryptocurrency on which the interest has been earned, BlockFi may charge an administrative fee of up to 1.5% of the total amount of interest accrued for such month, depending on the cryptocurrency selected and market conditions at the time of the interest payment.

#### **F. Withdrawal of Loaned Cryptocurrency**

1. If, pursuant to the specific terms of your Loan Agreement and the applicable Loan Term Sheet, your Loan is an Open Term Loan, you may request termination of an Open Term Loan, in whole or in part, and the withdrawal of your loaned cryptocurrency from BlockFi at any time through the BlockFi account interface. Once you request a termination of an Open Term Loan and the return of the cryptocurrency provided under an Open Term Loan, BlockFi initiates the termination and withdrawal process instantly when possible, and, unless otherwise specified in the applicable Loan Term Sheet, we may require up to seven (7) days after you submit your request to process the termination and withdrawal, during which time interest will continue to accrue. Any interest that has accrued but not yet included in the principal amount of an Open Term Loan on a month-end basis is not eligible for payment until the fifth business day of the following month.

2. If, pursuant to the specific terms of your Loan Agreement and the applicable Loan Term Sheet, your Loan is a Fixed Term Loan, upon termination of a Fixed Term Loan on the maturity date or earlier, such Fixed Term Loan will be automatically converted into an Open Term Loan, and you may request the withdrawal of your loaned cryptocurrency from BlockFi at any time as stated in F (1) above.

3. Limits on withdrawals of loaned digital assets from BlockFi based on frequency and amount may apply from time-to-time and will be described in your BlockFi account interface and on our Website at <https://blockfi.com/bpc-fees>.

4. In the case of any withdrawal of loaned cryptocurrency from BlockFi, you will be required to first transfer the cryptocurrency to your BlockFi Wallet and then provide the details for the external, non-BlockFi account to which you wish to transfer the cryptocurrency. Upon withdrawal, the cryptocurrency will first be transferred to BlockFi Trading LLC, and then will be transferred to your designated external account. Assets subject to a withdrawal request cannot be traded.

5. If the details you provide are inaccurate or incomplete, your cryptocurrency may be permanently lost. When you request a transfer of all or any of your cryptocurrency to an external, non-BlockFi account following the termination of an Open Term Loan, we will not be liable for any loss that results from inaccurate, incomplete or misleading details that you may provide for such transfer. If the external, non-BlockFi account you specify is one to which we are unable to process transfers, we will have no liability for any failure or delay in processing your requested redelivery of loaned cryptocurrency.

6. BlockFi shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder caused, directly or indirectly, by reason of any occurrence beyond the control of BlockFi (including but not limited to any act of state, governmental or regulatory authority, any act of God, war, civil unrest, local or national disturbance, natural disaster, fire, epidemics, pandemics, any act of terrorism, cyber-attacks, interruptions or malfunction of computer or server facilities for BlockFi or its service providers, or the unavailability of the Federal Reserve Bank wire or the applicable blockchain and related confirmation protocol for any applicable cryptocurrency or other wire or communication facility); provided, however upon the occurrence of any such event BlockFi shall use commercially reasonable efforts to perform its obligations hereunder.

7. Following the termination of an Open Term Loan, the transfer of cryptocurrency from your BlockFi Wallet to an external, non-BlockFi account in any calendar month will be subject to a

withdrawal fee as described at <https://blockfi.com/bpc-terms> which fees will be deducted from the amount of cryptocurrency you transfer to an external, non-BlockFi account, unless otherwise set forth in your Loan Agreement or the applicable Loan Term Sheet. For example, if you transfer one Ethereum to an external, non-BlockFi account, and the Ethereum network charges a transaction fee equal to .01 Ethereum, you will receive .99 Ethereum. BlockFi may also charge an additional fee for transfers to external non-BlockFi accounts, unless otherwise set forth in your Loan Agreement or the applicable Loan Term Sheet. We will publish any such transfer fees on our Website before they take effect, and thereafter the applicable transfer fee will be deducted from the amount of cryptocurrency you transfer to a non-BlockFi account. Additionally, any discount on withdrawal fees agreed upon, pursuant to the specific terms of your Loan Agreement and the applicable Loan Term Sheet, will be applied as rebate to your BlockFi Wallet on the next Monday after the date of withdrawal.

8. Additionally, from time to time there may be transfer minimums at BlockFi's third party custodians which may limit your ability to transfer un-tradable fractions or other small amounts of cryptocurrency without first increasing the amount in your BlockFi account.

9. BlockFi and our third-party partners may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently. BlockFi is not and will not be responsible or liable for any loss or damage of any sort incurred by you as a result of such cyber-attacks, operational or technical difficulties or suspensions of transfers or withdrawals.

## **G. Utilization of Assets**

1. Except where prohibited or limited by applicable law, BlockFi has the right, without further notice to you, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest or use any amount of such cryptocurrency provided by you under a Loan, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi's possession and/or control a like amount of cryptocurrency, and to use or invest such cryptocurrency at its own risk.

2. You acknowledge that, with respect to applicable assets used by BlockFi pursuant to this section: (i) you will not be able to exercise rights of ownership, (ii) BlockFi may receive compensation in connection with lending or otherwise using or investing cryptocurrency in its business to which you will have no entitlement, and (iii) cryptocurrency that is subject to such lending transactions, investment or otherwise being used in these transactions will not be held by BlockFi's third party custodians.

## **H. Risk Disclosure**

1. The Private Client program is not a checking or savings account, and it is not covered by insurance against losses. We will pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer or use funds and cryptocurrency assets to counterparties, and such cryptocurrency assets will be exposed to various risks as a result of such transactions. In certain jurisdictions, cryptocurrency is not legal tender, and is not backed by the government. The Private Client Open and Fixed Term Loans and loan balances are not subject to Federal Deposit Insurance Corporation or Securities Investor Protection Corporation protections. The Private

Client program is not registered with any federal or state securities regulatory authority. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

2. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. If you attempt to transfer assets to an unsupported wallet or using an unsupported network, or if you attempt to transfer assets other than eligible cryptocurrency (including any unsupported digital assets) to BlockFi, such assets may be permanently lost. We assume no liability, obligation or responsibility whatsoever with respect to any unsupported digital asset or any asset that is transferred using an unsupported network or to an unsupported wallet. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

3. There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi may prevent the access or use of a customer's cryptocurrency. Any bond or trust account maintained by BlockFi for the benefit of its clients may not be sufficient to cover all losses incurred by clients. In light of these risks, you should carefully consider whether holding cryptocurrency in a BlockFi account is suitable.

#### **I. Indemnification and Limitation of Liability; Attorney's Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your use of any BlockFi account, your Loan or participation in the Private Client program or our activities in connection with such Loans, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while participating in the Private Client program, regardless of whether the specific use was expressly authorized by you.

2. We are not liable for special, incidental, exemplary, punitive, or consequential losses or damages of any kind.

3. Except for any setoff permitted by applicable law, any amounts owed, or liabilities incurred by us ("Obligations") may be satisfied solely from the assets of the Borrower. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than the Borrower for Obligations, including, without limitation, any member, affiliate, investor, employee, officer, agent or advisor of the Borrower. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

4. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any funds not properly credited or debited.

#### **J. Setoff**

1. We may take or set off funds in any or all of your accounts at BlockFi or reduce the borrowed amount under any Loan, or transfer funds between any or all of your accounts at BlockFi, with us or any of our affiliates for direct, indirect and acquired obligations that you owe us or our affiliates, including any balances as a result of not having sufficient funds available or as a result of an erroneous transfer of funds to an address under your control, or a return or other negative balance, regardless of the source of funds in an account.

2. These rights are in addition to other rights we have to take, transfer or charge funds in your account for obligations you owe us or our affiliates. We may consider these Terms as your consent to BlockFi exercising its right of setoff should any laws governing your account require your consent.

3. If the law restricts our ability to take, transfer or setoff funds in your accounts at BlockFi or reduce the borrowed amount under any Loan, or if some contributions are protected from attachment, levy or legal process to the extent that you may do so by contract, you waive those conditions and limits and authorize us to apply funds in any or all of your accounts with us (or reduce the borrowed amount under any Loan) to obligations you owe us. Exercising these rights may result in early withdrawal penalties.

#### **K. Miscellaneous**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us. If a facsimile signature is used for a transfer out of your Private Client Open Term or Fixed Term, you are responsible for any withdrawal from your account when the facsimile signature resembles or purports to be the signature of a person authorized to make withdrawals from your account. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our payment of a transfer accompanied by a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

2. You must maintain adequate security and control of any and all IDs, passwords, hints, or any other codes that you use to access your Private Client account through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your Private Client account. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your Personalized Yield.

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Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit G**

**BlockFi ACH Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



☰ ACH Terms

ACH TERMS

# ACH Terms

## Terms and Conditions for ACH Transfers

### INTRODUCTION

These Terms and Conditions (“ACH Transfer Terms”) apply to your use of a designated bank account for any transfers you may make to BlockFi Trading, LLC (“BlockFi Trading”), including for the purchase, on a one-time or a recurring basis, using U.S. dollars, of Gemini Dollar (GUSD), a stablecoin pegged to and backed by U.S. dollars held in reserve at State Street Bank and Trust Company, through BlockFi Trading, which will be settled and delivered (which may be done by book-entry) to your BlockFi Wallet opened and maintained by BlockFi Wallet LLC, acting on and on behalf of BlockFi Trading LLC. These ACH Transfer Terms also apply to any transfers you may request from BlockFi Trading’s designated bank account, including those related to the return of U.S. Dollars that result from the sale of your assets. Please read and keep these ACH Transfer Terms. If you need a physical copy of these ACH Transfer Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](#). These ACH Transfer Terms incorporate by reference the latest BlockFi terms and conditions found here: <https://blockfi.com/terms/>

If you choose to use a bank account as your transfer method, you accept and agree to these ACH Transfer Terms on the date of each transfer.

### 1. Bank Account Transfers

By choosing to use a bank account as your transfer method, you will be able to fund the purchase of GUSD using any valid automated clearing house (“ACH”)-enabled bank account at a United States-based financial institution. If you send U.S. dollars to BlockFi Trading via an ACH network, you are instructing BlockFi Trading to purchase an equal amount of GUSD and to settle

and deliver such GUSD (which may be done by book-entry) you purchased into your BlockFi Wallet. You agree that any purchase of GUSD via ACH transfer is made pursuant to and in accordance with [BlockFi's Trading Terms](#), which are incorporated by reference. You will also be able to request that BlockFi return U.S. Dollar proceeds from the sale of your assets and initiate an ACH transfer of such proceeds to your eligible bank account. Whenever you choose to pay or transfer by ACH, you are authorizing BlockFi Trading (or its agent) to debit your bank account for the total amount of the transfer being made or to credit your bank account with the U.S. dollar proceeds, as applicable. To complete your payment transaction, BlockFi Trading (or its agent) will create an electronic funds transfer or bank draft, which will be presented to your bank or financial institution for transfer from your bank account. BlockFi, in its sole discretion, may require that any or all GUSD purchased via an ACH transfer be held in your BlockFi Wallet for a period of up to 60 days. If you choose to provide your bank account credentials to us (or our agent), you authorize us (or our agent) to use this information to facilitate debiting or crediting your bank account, as applicable. Your transaction must be payable in U.S. dollars. BlockFi, in its sole discretion, may refuse this transfer option service to anyone or any user without notice for any reason at any time. Transactions that we process using your bank account will be identified as "BlockFi Trading LLC" (or similar identifier) on the statement issued by your bank or other financial institution holding your account. All questions relating to any transactions made using your bank account by us should be initially directed to us, but may also require involvement of your bank.

## 2. Recurring Transfers

In addition to authorizing one-time transfers, you can request that BlockFi make recurring periodic transfers from your designated bank account on a daily, weekly or monthly basis. If you have established a weekly recurring transfer, then your transfer will be scheduled to occur on the same day of each week as the initial transfer in such recurring transfer (for example, every Wednesday). If you have established a monthly recurring transfer, then your transfer will be scheduled to occur on either the first or the fifteenth day of each month, based on your election when you initiate the recurring transfer. Each recurring transfer will be deemed to constitute a valid instruction from you to BlockFi, on the date of such transfer, to purchase GUSD and convert such GUSD into the requested assets. Your initial recurring transfer will not occur until you have submitted your recurring ACH transfer request and BlockFi has had a reasonable amount of time to act upon it.

Any termination or cancellation of your recurring ACH transfer instructions will be effective as soon as BlockFi has received your request and had a reasonable amount of time to act upon it.

BlockFi can terminate any future recurring transfer without notice at any time for any reason.

## 3. Electronic Signature and ACH Authorization

By choosing your bank account as your transfer method, you agree that: (a) you have read, understand and agree to these ACH Transfer Terms, and that this agreement constitutes a "writing signed by you" under any applicable law or regulation, (b) you consent to the electronic delivery of the disclosures contained in these ACH Transfer Terms, (c) you authorize BlockFi Trading (or its agent) to make any inquiries we consider necessary to validate any dispute involving your transfer, which may include ordering a credit report and performing other credit checks or verifying the information you provide against third party databases, (d) you authorize

BlockFi Trading (or its agent) to initiate one or more ACH debit entries (withdrawals) for specified amount(s) from your bank account, and you authorize the financial institution that holds your bank account to deduct such transferred amounts (including any transfers to be made on a recurring basis, as applicable), (e) you authorize BlockFi Trading (or its agent) to initiate one or more ACH credit entries (direct deposits) for specified amount(s) of the proceeds of sales of assets to your bank account, and you authorize the financial institution that holds your bank account to credit such transferred amounts, (f) once a sale is complete and an ACH transfer is initiated, the transaction cannot be cancelled; and (g) funds sent to you via ACH typically take two to three business days to reach your financial institution, and BlockFi is not responsible for any delays in the availability of funds, which may vary based on your financial institution's ACH processing procedures and settlement.

#### 4. Transaction Errors

If you believe that any transfer transaction initiated by BlockFi Trading (or its agent) with respect to your bank account is erroneous, or if you need more information about any such transaction, you should submit a support ticket [here](#) as soon as possible. Notify us at once if you believe the password associated with your account has been lost or stolen, or if someone has attempted (or may attempt) to make a transfer from your bank account without your permission. We reserve the right to cancel the ability to pay or transfer by bank account for any reason at any time.

#### 5. Your Liability for Unauthorized Transactions

Federal law limits your liability for any fraudulent, erroneous unauthorized transaction from your bank account based on how quickly you report it to your financial institution. As general rule, you should report any fraudulent, erroneous or unauthorized transactions to your bank within 60 days after the questionable transaction FIRST appeared on your bank account statement. You should contact your bank for more information about the policies and procedures that apply to your account and any unauthorized transactions, including any limits on your liability.

#### 6. Fees

This authorization to initiate ACH debit transactions will remain in full force and effect until BlockFi has received written notice from you, by your submitting a support ticket [here](#), to cancel such authorization in such time to afford BlockFi and your bank a reasonable opportunity to act on such cancellation. Because these are electronic transactions, these funds may be withdrawn from your designated bank account immediately. In the case of an ACH debit transaction that is rejected for insufficient funds, you understand that BlockFi may at its discretion attempt to process the debit in the amount of the applicable requested transfer again within 30 days and BlockFi may separately impose a fee of \$25 for each transaction returned for insufficient funds, as permitted by applicable law. You certify that you are an authorized user of your bank account and you will not dispute these scheduled transactions with such bank so long as the transactions correspond to these ACH Transfer Terms and any other applicable agreement related to your accounts with BlockFi and its affiliates or such transfer.

You must notify BlockFi in writing if you dispute any portion of any fees paid or payable by you under these ACH Transfer Terms or any related agreement. You must provide that written notice to BlockFi within 60 days of the applicable charge, and BlockFi will work with you to resolve the

applicable dispute promptly. If you do not provide BlockFi with this written notice of your fee dispute within this 60-day period, you will not be entitled to dispute any fees paid or payable by you.

All amounts and fees stated or referred to in these ACH Transfer Terms are exclusive of taxes, duties, levies, tariffs, and other governmental charges (collectively, "Taxes"). You shall be responsible for payment of all Taxes and any related interest and/or penalties resulting from any transfers made hereunder, other than any taxes based on BlockFi's net income.

## 7. Returned Transactions

You understand and agree that if any previously-initiated debit entry hereunder is returned for any reason (including because of insufficient funds), BlockFi will be entitled to exercise remedies in accordance with the Trading Terms referred to herein, including freezing your Blockfi Wallet and all assets held in such account and reversing any stablecoin purchases made and delivered to such account.

## 8. Electronic Delivery of Future Disclosures

You agree to accept all disclosures and other communications between you and us on this website or at the primary e-mail address associated with your BlockFi Account. You should print and retain a copy of all such disclosures and communications.

## 9. Our Liability

If we fail to debit or credit your bank account in accordance with these ACH Transfer Terms, in the correct amount, we may be liable for certain losses directly caused by our failure as the law may impose in such cases. However, there are some exceptions. For instance, we will not be liable where: (1) you do not have enough money in your bank account; (2) your bank account is closed or deposits or withdrawals restricted; (3) any terminal or system was not working properly and you were advised of that before you initiated the transfer; (4) the failure was related to circumstances beyond our control (such as flood, fire, power outages, mechanical or system failures); (5) your financial institution refuses to honor an ACH debit or credit; (6) your instructions are lost or delayed in transmission to us; (7) a reasonable security concern, such as unauthorized use, causes us not to honor your instructions; (8) this transfer option has been discontinued or suspended; (9) we advise you that your request will not be processed; (10) you submit a cancellation request with respect to recurring ACH transfer instructions and BlockFi is unable to process it prior to your next scheduled transfer and (11) other exceptions are allowed by law. If our error was unintentional and resulted from a bona fide error, our liability is limited to actual damages.

## 10. Exchange Rates

We may determine an exchange rate and assign it to your transaction without notice to you. Exchange rates fluctuate, at times significantly, and you acknowledge and accept all risks that may result from such fluctuations. If we assign an exchange rate to your transaction, that exchange rate will be determined by us in our sole discretion based upon such factors as we determine relevant, including without limitation, market conditions, exchange rates charged by other parties, our desired rate of return, market risk, credit risk and other market, economic and

business factors, and is subject to change at any time without notice. You acknowledge that exchange rates for retail and commercial transactions, and for transactions effected after regular business hours and on weekends, are different from the exchange rates for large transactions effected during the business day, as may be reported by major cryptocurrency trading platforms or elsewhere. Exchange rates offered by other platforms or shown at other sources by us or other platforms (including online sources) may be different from our exchange rates. The exchange rate you are offered may be different from, and likely inferior to, the rate paid by us to acquire the underlying cryptocurrency. We reserve the right to refuse to process any request for an exchange transaction. We provide all-in pricing for exchange rates. The price provided may include profit, fees, costs, charges or other mark ups as determined by us in our sole discretion. The level of the fee or markup may differ for each customer and may differ for the same customer depending on the method or venue used for transaction execution.

We do not accept any liability for our exchange rates. Any and all liability for our exchange rates is disclaimed, including without limitation direct, indirect or consequential loss, and any liability if our exchange rates are different from rates offered or reported by third parties, or offered by us at a different time, at a different location, for a different transaction amount, or involving a different transfer or payment media (including but not limited to bank-notes, checks, wire transfers, etc.).

#### 11. Agreement Changes

We may in our discretion change these ACH Transfer Terms or the BlockFi terms and conditions and Trading Terms referred to in these ACH Transfer Terms at any time without notice to you. If any change is found to be invalid, void, or for any reason unenforceable, that change is severable and does not affect the validity and enforceability of any other changes or the remainder of these ACH Transfer Terms. We reserve the right to subcontract any of our rights or obligations under these ACH Transfer Terms.

YOUR CONTINUED USE OF YOUR BANK ACCOUNT AS A METHOD OF MAKING ANY TRANSFER TO OR RECEIVING ANY TRANSFER FROM BLOCKFI (INCLUDING ANY RECURRING TRANSFER) AFTER WE CHANGE THESE ACH TRANSFER TERMS OR ANY OF THE OTHER TERMS INCORPORATED IN THESE ACH TRANSFER TERMS CONSTITUTES YOUR ACCEPTANCE OF THESE CHANGES.

Terms last modified 1/20/2022



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BlockFi Rewards Credit Card: For more information, please see BlockFi’s Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit H**

**BlockFi Debit Card Terms of Service**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



☰ Debit Card Payment Terms

DEBIT CARD PAYMENT  
TERMS

# Debit Card Payment Terms

## INTRODUCTION

These Terms and Conditions (“Debit Card Payment Terms”) apply to your use of your debit card for any payments you may make to BlockFi for funding your BlockFi Wallet including for the purchase, using U.S. dollars, of Gemini Dollar (GUSD), a stablecoin pegged to and backed by U.S. dollars held in reserve at State Street Bank and Trust Company, which will be settled and delivered (which may be done by book-entry) to your BlockFi Wallet. Please read and keep these Debit Card Payment Terms. If you need a physical copy of these Debit Card Payment Terms or if you have any questions, you can submit a support ticket [here](#) or visit [blockfi.com](https://blockfi.com). These Debit Card Payment Terms incorporate by reference the latest BlockFi Terms of Service and Wallet Terms which are found here: <https://blockfi.com/terms/>

If you choose to use a debit card as your payment method to fund your BlockFi Wallet, you accept and agree to these Debit Card Payment Terms on the date of each payment.

### 1. Debit Card Purchases

You may purchase GUSD using your Visa or Mastercard debit card. The GUSD you purchase will be delivered (which may be done by book-entry) to your BlockFi Wallet. You agree that any purchase of GUSD with your debit card is made pursuant to and in accordance with BlockFi’s Trading Terms [<https://blockfi.com/trading-terms>], which are incorporated by reference. Your debit card payment must be made in U.S. dollars. BlockFi, in its sole discretion, may refuse this debit card payment option to any user without notice for any reason at any time. All debit card payments are processed by Stripe or its affiliates on behalf of BlockFi. Withdrawals to cards are not currently supported.

By choosing your debit card as your payment method, you agree that: (a) you have read, understand and agree to these Debit Card Payment Terms, and that this agreement constitutes a “writing signed by you” under any applicable law or regulation, (b) you consent to the electronic delivery of the disclosures contained in these Debit Card Payment Terms, (c) you authorize BlockFi (or its agent) to make any inquiries we consider necessary to validate any dispute involving your payment, which may include ordering a credit report and performing other credit checks or verifying the information you provide against third party databases, (d) once a purchase transaction is complete, the transaction cannot be cancelled (e) BlockFi is not responsible for any delays in the availability of GUSD purchased with your debit card.

### **3. Transaction Errors**

If you believe that any payment made using your debit card was erroneous, or if you need more information about any such transaction, you should contact your debit card provider and submit a support ticket [here](#) as soon as possible. Notify us and your debit card provider at once if you believe your debit card or the password associated with your account has been lost or stolen, or if someone has attempted (or may attempt) to use your debit card without your permission. We reserve the right to cancel the ability to pay with a debit card for any reason at any time.

### **4. Unauthorized Transactions**

You should contact your card issuer for information about the policies and procedures that apply to any fraudulent, erroneous or unauthorized transactions involving your debit card.

### **5. Problems Paying with your Debit Card**

If you have trouble paying with a debit card, check the following:

- Your card details are correct. Make sure that all details, such as the card number, expiration date, and CVV code are entered correctly, and check that the name and billing address are exactly as they appear on your debit card statement.
- Your debit card is not expired and has been activated. Your card will be declined if it is out of date. If you’re using a new card for the first time, make sure it has been activated. If you’re not sure how to activate your card, contact your debit card issuer.
- You have sufficient funds. If you don’t have enough credit or funds to cover the cost of your purchase, your payment may be declined. Your payments may also be declined if you’ve reached your daily transaction limit.
- You need to update your browser. If you are using an older web browser that isn’t secure enough for making payments or managing your payment methods, you will need to update your browser before you can complete your purchase. You can also try completing your purchase on another device.

If these troubleshooting steps don’t resolve your issue, try a different payment method or contact your card provider for further assistance.

## **6. Returned Transactions**

You understand and agree that if any previously-initiated debit card payment hereunder is returned for any reason (including because of insufficient funds or because you have disputed a transaction), BlockFi will be entitled to exercise remedies in accordance with the Trading Terms referred to herein, including freezing your BlockFi Wallet and other accounts and all assets held in such accounts until the dispute is resolved and reversing any stablecoin purchases made and delivered to such account.

## **7. Electronic Delivery of Future Disclosures**

You agree to accept all disclosures and other communications between you and us on this website or at the primary e-mail address associated with your BlockFi Account. You should print and retain a copy of all such disclosures and communications.

## **8. Our Liability**

We will not be liable if your card issuer fails or declines to process your debit card payment. In addition, we will not be liable where: (1) you have insufficient funds to cover a payment made with your debit card; (2) your card issuer refuses to honor or otherwise restricts payments made with your card; (3) you decline to authorize the payment of an applicable fee; (4) any terminal or system was not working properly and you were advised of that before you initiated a payment; (5) the failure was related to circumstances beyond our control (such as flood, fire, power outages, mechanical or system failures); (6) your instructions are lost or delayed in transmission to us; (7) a reasonable security concern, such as unauthorized use, causes us not to honor your instructions; (8) this debit card payment option has been discontinued or suspended; (9) we advise you that your payment request will not be processed; and (10) other exceptions are allowed by law. If our error was unintentional and resulted from a bona fide error, our liability is limited to actual damages.

## **9. Agreement Changes**

We may in our discretion change these Debit Card Payment Terms or the BlockFi Terms and Trading Terms referred to in these Debit Card Payment Terms at any time without notice to you. If any change is found to be invalid, void, or for any reason unenforceable, that change is severable and does not affect the validity and enforceability of any other changes or the remainder of these Debit Payment Terms. We reserve the right to subcontract any of our rights or obligations under these Debit Card Payment Terms.

YOUR CONTINUED USE OF YOUR DEBIT CARD AS A METHOD OF MAKING ANY PAYMENT TO BLOCKFI AFTER WE CHANGE THESE DEBIT CARD PAYMENT TERMS OR ANY OF THE OTHER TERMS INCORPORATED IN THESE DEBIT CARD PAYMENT TERMS CONSTITUTES YOUR ACCEPTANCE OF THESE CHANGES.

Last Updated on October 31, 2022

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See [blockfi.com/terms](https://blockfi.com/terms) for more information.

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**Exhibit I**

**BlockFi Rewards Program Terms of Service**

## **BlockFi Rewards Program and Crypto Rewards Account Terms**

### **INTRODUCTION**

Welcome to BlockFi. Our Crypto Rewards Account (“Rewards Account”) is a non-interest-bearing cryptocurrency repository account that allows you to hold cryptocurrency earned from the BlockFi Credit Card (“Card”) Rewards Program (the “Rewards Program”). Please read and keep these Account Terms (“Account Terms”). If you need a physical copy of these Account Terms or if you have any questions, you can contact us via email at [support@blockfi.com](mailto:support@blockfi.com) or visit [blockfi.com](https://blockfi.com) (the “Website”). These Account Terms are incorporated by reference into the BlockFi Terms of Service, which may be found at: <https://blockfi.com/terms/>.

**THESE ACCOUNT TERMS ARE SOLELY FOR THE REWARDS ACCOUNT FOR YOUR CARD. THE TERMS RELATED TO THE BLOCKFI WALLET MAY BE FOUND AT:**

<https://blockfi.com/wallet-terms>.

**PLEASE READ AND REVIEW ALL RISK DISCLOSURES IN SECTION K BELOW.**

### **OUR RELATIONSHIP**

In these Account Terms, the holder of a Rewards Account is sometimes referred to as “you” or “your.” The provider of the Rewards Account, BlockFi Inc., is referred to as “BlockFi,” “we,” “us” or “our.” You understand and acknowledge that we may share with Bank and/or Servicer (each as defined in the BlockFi Rewards Visa Signature Card Agreement, which may be found at: <https://blockfi.com/credit-card-terms> (the “Cardholder Agreement”)) any information you provide to us in connection with these Account Terms. In addition, you understand and acknowledge that BlockFi, Inc. and its affiliates are entitled to rely on the acknowledgements and agreements that you have made as a Card holder under the Cardholder Agreement.

### **ACCEPTANCE OF TERMS**

By opening a Card, you are eligible to participate in the Rewards Program and open a Rewards Account with us. If you participate in the Rewards Program and open a Rewards Account with us, you agree that the terms and conditions contained in these Account Terms, as modified from time to time, will govern your participation in the Rewards Program and your Rewards Account. We reserve the right to update these Account Terms at any time and may notify you of such changes via the Website or by email at the address specified in your Card application, but we have no obligation to notify you of every update.

#### **A. Opening a Card and Rewards Account**

1. In order to qualify to participate in the Rewards Program and open a Rewards Account, you must meet the following requirements: (i) have a BlockFi Wallet with us, (ii) apply for and be issued a Card, (iii) hold your Card in good standing, and (iv) not be past due by more than two (2) monthly payments on your Card at the time of earning Points or redeeming such Points into Rewards under the Rewards Program. Your Rewards Account may be automatically opened upon issuance of your Card.

2. In order to open your Rewards Account, we will first verify your identity and require you to provide acceptable forms of identification. To help the government fight the funding of terrorism and money laundering activities, United States federal law requires us to obtain, verify, and record information that identifies each person or entity that opens a Rewards Account. We may also ask for your driver’s license or other identifying documents. You represent and warrant that any and all information provided to us

pursuant to these Account Terms or otherwise is true, accurate and not misleading in any respect. If any such information changes, it is your obligation to update such information as soon as possible.

3. Geographic restrictions may apply to Rewards Accounts in any country to which the United States embargoes goods or imposes similar sanctions (see <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>). Rewards Accounts are not available in any jurisdiction in which we determine we would not be able to or choose not to offer Rewards Accounts. Due to the dynamic nature of regulatory requirements and interpretations in the cryptocurrency market, we reserve the right to update the list of prohibited jurisdictions where we determine it is appropriate to do so in our sole and absolute discretion.

4. Your Rewards Account is not deemed to be opened, and we have no responsibility to you unless and until you have received written (which may be electronic) confirmation from us that your Rewards Account has been opened. We reserve the right not to open a Rewards Account for any applicant in our sole and absolute discretion.

## **B. How Cards and Rewards Accounts Can Be Owned**

Rewards Accounts can be held only by individuals. Each individual shall only be permitted to maintain a single Rewards Account for any single Card at any given time.

## **C. How Points are Earned**

1. Only authorized charges for the purchase of goods or services made with your Card, less any credits for charge reversals or other refunds ("Qualifying Purchases"), will earn Points (as defined below). Qualifying Purchases do not include cash advances, balance transfers, convenience checks, payments made for stored value cards such as gift cards and similar cards, wire transfers, money transfers, travelers checks and similar products that may be converted to cash, such as money orders and certified checks charged to your Card, all incidental charges and fees charged by us (for example: voluntary payment protection costs, finance charges, returned check fees, service charges, over-limit fees, and ATM fees), or purchases made when your Card is not in good standing or if you have two (2) or more past-due monthly payments on your Card. **WE RESERVE THE RIGHT TO DETERMINE IN OUR SOLE DISCRETION WHETHER A PARTICULAR TRANSACTION IS A QUALIFYING PURCHASE OR TO INCLUDE OR EXCLUDE OTHER CHARGES FROM THE DEFINITION OF QUALIFYING PURCHASES.** Your Points balance may be reduced by any returns, credits or other refunds, charge reversals, chargebacks or other disputes, and a negative balance may result if such reductions for a particular billing cycle exceed Points for purchases of goods and services. If your Points balance is negative, we will apply any Points that you subsequently earn to your balance, and no Points will be redeemed for Rewards (as defined below) until your balance becomes positive.

2. For each dollar of Qualifying Purchases charged to your Card, you may be awarded 1.5 BlockFi Cryptocurrency Rewards Points ("Points").

3. If you spend more than \$30,000 during the twelve-month period immediately after the date that you open your Card, or during any subsequent twelve-month period immediately after any anniversary of the date that you open your Card (each, an "Annual Measurement Period"), then for each dollar of Qualifying Purchases charged to your Card in excess of \$30,000 during such Annual Measurement Period, you may be awarded 2.0 Points.

4. Additional ways to earn Points through various Qualifying Purchases may be communicated by BlockFi from time to time.

5. Points will be redeemed for cryptocurrency at the then-current market price(s) (“Rewards”) (subject to applicable spreads, charges, or fees), to be transferred to your Rewards Account in accordance with Section D below, provided that all conditions for such redemption are met. As long as your Card remains open and in good standing, your accumulated Points will not expire.

6. Points are not your property and have no cash value. You cannot assign, transfer or move Points except as expressly provided in these Account Terms. Further, you cannot combine your Points with the Points accrued by any other Rewards Program participant. Points are not intended as gifts or for gift-giving purposes and shall not be used as “gift certificates.” Additionally, Points cannot be transferred by operation of law, such as by inheritance, in bankruptcy or in connection with a divorce.

#### **D. How Rewards Are Paid**

As long as your Card remains open and in good standing, we will redeem the Points you earn monthly. On each redemption date, all eligible Points will be redeemed into Rewards at the applicable market price at the time of disbursement (subject to applicable spreads, charges, or fees) and calculated and paid to the one hundred millionth of the relevant unit of cryptocurrency. Any digits beyond that will be truncated; balances on Rewards Account statements will be truncated to eight decimal digits (one hundred millionth of a unit). Such Rewards will be deposited in cryptocurrency into your Rewards Account. There is a spread applied when your Points are redeemed. Your Rewards Account must be open and in good standing on such date in order for you to receive payment of such Rewards. BlockFi will act as holder of your Rewards Account.

#### **E. Transfers to your BlockFi Wallet**

1. Subject to applicable law, all Rewards in your Rewards Account will be automatically transferred from your Rewards Account to your BlockFi Wallet, monthly. Your cryptocurrency will first be transferred to BlockFi Trading LLC, and then will be transferred to your BlockFi Wallet, with BlockFi Wallet LLC.

2. Transfer limits based on frequency and/or minimum transfer amounts may apply from time to time and will be described in your Rewards Account interface and on our Website at <https://blockfi.com/rates>.

**3. IN THE EVENT THAT THE DETAILS YOU PROVIDE REGARDING ANY TRANSFER ARE INACCURATE OR INCOMPLETE, YOUR CRYPTOCURRENCY MAY BE PERMANENTLY LOST. WHEN YOU TRANSFER ALL OR ANY OF YOUR CRYPTOCURRENCY, WE WILL NOT BE LIABLE FOR ANY LOSS THAT RESULTS FROM INACCURATE, INCOMPLETE OR MISLEADING DETAILS THAT YOU MAY PROVIDE FOR SUCH TRANSFER.**

4. BlockFi and our third-party partners may experience cyber-attacks, extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently. BlockFi is not and will not be responsible or liable for any loss or damage of any sort incurred by you as a result of such cyber-attacks, operational or technical difficulties or suspensions of transfers or withdrawals.

5. After cryptocurrency has been transferred to your BlockFi Wallet, the cryptocurrency, and any subsequent transfers or withdrawals, will be subject to the BlockFi Wallet terms, which may be found at: <https://blockfi.com/wallet-terms>.

## **F. Suspensions**

We have the right to suspend redemption rights of your Points in the event there is a dispute between BlockFi and you. You will forfeit your Points and any Rewards held in your Rewards Account immediately if you are in default under the Cardholder Agreement, if we determine that you have violated the redemption rules of these Account Terms, if you are in any way involved in fraud, theft, or other illegal activity, if we determine that your Card was used for manufactured spending (purchasing cash equivalents or similar liquid assets for the primary purpose of earning Points), if your Card is closed, terminated or suspended, or if we terminate or suspend your Rewards Account for any reason. Unless required by applicable law, we will not give you notice of forfeiture. You are not entitled to compensation from us or any other entity when your Points or Rewards are suspended or forfeited for any reason. See Sections L, M and N below.

## **G. Taxes**

1. You will be able to see a record of the transactions related to your Rewards Account. You may wish to use such records for the purposes of making any required tax filings or payments. It is your responsibility to determine what, if any, taxes apply to any gains or losses or to the payments you make or receive, and to collect, report, and remit the correct tax to the appropriate tax authority.
2. We will make any tax withholdings or filings that we are required by law to make, but we are not responsible for determining whether taxes apply to your transaction, or for collecting or remitting any taxes arising from any transaction. You are responsible for complying with all applicable law, whether federal, state, local, or non-U.S. You agree that neither BlockFi nor any of its affiliates is responsible for determining whether or which laws may apply to your transactions, including tax law. You are solely responsible for paying any taxes arising from your Rewards Account and filing any reports that you are required to file.

## **H. Ownership of Cryptocurrency**

You hereby represent and warrant to us at all times during which you hold cryptocurrency in your Rewards Account that: (i) any cryptocurrency controlled by you in connection with your Rewards Account is owned by you, except as set forth in these Account Terms; and (ii) you are validly authorized to carry out transactions using such cryptocurrency and that all transactions initiated with your Rewards Account are for your own account and not on behalf of any other person or entity.

## **I. General Rules Governing Rewards Accounts**

1. We may make changes to the Rewards Program, and we may add to and/or change these Account Terms at any time. To be clear, this means that BlockFi can, without specific notice to you:
  - Change the number of Points you can earn for eligible purchases;
  - Impose caps, spreads, charges, or fees on earning and/or using Points; or
  - Add new rewards or cancel particular rewards and/or the Rewards Program entirely.
2. All of our actions relating to your Rewards Account, including these Account Terms, will be governed by the laws and regulations of the United States and, to the extent not preempted, the laws and regulations of the State of New Jersey. Any lawsuit regarding your Rewards Account must be brought in a proper court in Jersey City in the State of New Jersey. If any part of these Account Terms is determined to be invalid or unenforceable, such determination will not affect the remainder of these Account Terms.

3. We reserve the right at all times to monitor, review, retain and/or disclose any information as necessary to satisfy any applicable law, regulation, legal process or governmental request.
4. All transfers from your Rewards Account must consist of eligible cryptocurrency and must be transferred to your BlockFi Wallet. We have the right to return cryptocurrency already transferred into your Rewards Account. Any contribution meeting the confirmation guidelines in Section B.2 on any day at or before 11:59 p.m. UTC-4 will be treated by us as being received on such day. The transfer of eligible cryptocurrency from your Rewards Account may not be deemed settled and completed until the transaction has met the specific protocol for relevant cryptocurrency that BlockFi has defined.
5. These Account Terms and the relationship created hereby do not create a fiduciary relationship between us.
6. We may follow instructions regarding your Rewards Account if we reasonably believe that you have authorized the instructions.
7. Periodic statements for your Rewards Account will be made available to you by email and/or online on the Website, which statements will show the activity on your Rewards Account and will contain information sufficient to allow you to reasonably identify each conversion of Points to Rewards and other transactions. All of your BlockFi accounts and (in our discretion) those of any of your affiliates may be combined into one statement. You must examine the statement and notify us of any unauthorized use or any error or irregularity on the statement within 60 calendar days after the statement is sent or made available to you. If we do not receive such notice within the 60-calendar day period, then we will have no liability to you and any losses will be entirely yours.
8. Rewards Accounts are not transferable or assignable to another person in whole or in part.
9. BlockFi is required by law to turn over the funds in abandoned or unclaimed customer accounts to the state of your last known residence. You must promptly notify us of any change in your residential mailing or email address. Failure to notify us may result in delayed receipt or non-receipt of BlockFi correspondence.
10. We may record and monitor our telephone conversations with you and your electronic communications with us (chat, e-mail and other forms of electronic exchange). Unless the law requires otherwise, you consent in advance to such recording and monitoring and we do not need to remind you of these activities.
11. For purposes of these Account Terms, our business days are Monday through Friday. Saturdays, Sundays and all federal and New Jersey State holidays are not included.
12. We reserve the right to limit access to your Rewards Account, which can include temporarily or permanently removing your online access, restricting your Rewards Account and/or closing your Rewards Account without prior notice to you unless prior notice is required by law. We do not bear liability for such actions. In addition, BlockFi reserves the right to withhold or delay the transfer or withdrawal of funds or assets belonging to you if you fail to comply with these Account Terms.

#### **J. Indemnification and Limitation of Liability; Attorneys' Fees and Costs for Lawsuits**

1. You will indemnify and hold us and our affiliates harmless from any losses, damages, suits and expenses, of whatever kind, including reasonable attorneys' fees, which we may incur in connection with or arising out of your use of your Rewards Account or our activities in connection with such Rewards

Account, your violation of any law, regulation, order or other legal mandate, or the rights of a third party, or any act or omission by your agent, representative or third-party service provider while using your Rewards Account, regardless of whether the specific use was expressly authorized by you.

2. We are not liable to you for claims, costs, losses or damages caused by an event that is beyond our reasonable control (e.g., the acts or omissions of third parties, natural disaster, emergency conditions, disease epidemics/pandemics such as Covid-19, government action, equipment or communications malfunction).

**3. WE ARE NOT LIABLE FOR SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND.**

4. Except for any setoff permitted by applicable law, any amounts owed or liabilities incurred by us (“Obligations”) may be satisfied solely from the assets of BlockFi Inc. Without limiting the generality of the foregoing, in no event shall you have any recourse, whether by setoff or otherwise, with respect to any amounts owed or liabilities incurred, to or against any assets of any person or entity other than BlockFi Inc. for Obligations, including, without limitation, any member, affiliate, investor, employee, officer, agent or advisor of BlockFi Inc. For the avoidance of doubt, the foregoing shall not limit any setoff permitted by applicable law.

5. Our liability to you for a claim is limited to the face value of the item or transaction, or the actual value of any Rewards not properly credited or debited.

**K. Risk Disclosure**

Your Rewards Account is not a checking or savings account, and it is not covered by insurance against losses. Cryptocurrency is not legal tender, and is not backed by the government. Rewards Accounts and value balances are not subject to Federal Deposit Insurance Corporation insurance or Securities Investor Protection Corporation protection. Legislative and regulatory changes or actions at the state, federal, or international level may adversely affect the use, transfer, exchange, and value of cryptocurrency.

Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the customer initiates the transaction. The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.

There is no assurance that a person who accepts a cryptocurrency as payment today will continue to do so in the future. The volatility and unpredictability of the price of cryptocurrency relative to government-issued currency may result in significant loss over a short period of time. The nature of cryptocurrency may lead to an increased risk of fraud or cyber-attack, including rollback attacks or blockchain reorganizations. The nature of cryptocurrency means that any technological difficulties experienced by BlockFi or any of its affiliates may prevent the access to or use of a customer’s cryptocurrency. Any bond or trust account maintained by BlockFi for the benefit of its customers may not be sufficient to cover all losses incurred by customers. In light of these risks, you should carefully consider whether holding cryptocurrency in a Rewards Account is suitable.

#### **L. Conflict/Disputes Involving Your Rewards Account**

1. We are not liable to you for errors that do not result in financial loss to you. We may take any action authorized or permitted by these Account Terms without being liable to you, even if such action causes you to incur fees, expenses or damages.
2. If third parties make claims on your Rewards Account, or if we receive conflicting instructions from authorized persons, or if we become involved in or concerned about a dispute between you and an authorized person, we have discretion to act in ways we believe to be appropriate, including by closing your Rewards Account and returning the digital assets in such Rewards Account. You are liable for all expenses and fees we incur for such conflicts or disputes, including internal costs and external attorneys' fees, and we may charge them to your Rewards Account.
3. Fraudulent activity, including any attempt to transfer or withdraw funds that you do not own, did not transfer into your Rewards Account, or did not purchase, is strictly prohibited and may result in the closure of your Rewards Account. Fraudulent activity includes any attempt to take advantage of errors on the BlockFi Website, systems, applications, or technology platforms. Any errors identified should be flagged to [investigations@blockfi.com](mailto:investigations@blockfi.com) for appropriate compensation, where applicable.

#### **M. Legal Process Affecting Rewards Accounts**

1. If legal action such as an attachment, garnishment, seizure, liquidation, levy or other state, federal or international legal process ("legal process") is brought against your Rewards Account, we may refuse to permit (or may limit) withdrawals or transfers from your Rewards Account until the legal process is satisfied or dismissed. We may also be required to transfer the assets in your Rewards Account at the behest of governmental authorities pursuant to legal and regulatory actions. Regardless of the terms of such attachment, garnishment, levy or other state or federal process, we have first claim to any and all funds in your Rewards Account.
2. We will not contest on your behalf any such legal process and may take action to comply with such legal process as we determine to be appropriate in the circumstances without liability to you. If we incur any expenses, including without limitation, reasonable attorneys' fees, in connection with any such legal process, we may charge any expenses and fees to your Rewards Account or any other account you may have with us without prior notice to you, or we may bill you directly for such expenses and fees.

#### **N. Waiver**

We may delay or waive any rights we have under these Account Terms. If we delay or waive our rights, you are still obligated to pay us fees and other amounts you may owe us under these Account Terms. Any delay or waiver of our rights applies only to the specific instance in which we decide to delay or waive the provision and does not affect our future rights in any way.

#### **O. Digital Images, e-Signatures, & Facsimile Signatures**

1. We accept digital images, e-signatures, and facsimile signatures for documents that need to be signed. However, we will not be liable if use of a device was unauthorized or if the size, color or quality of the signature is different from that of any signature previously presented to us.
2. We may rely on facsimile signatures when the facsimile signature resembles or purports to be the signature of an authorized person. You agree to reimburse us (and we may charge your Rewards Account) for all claims, costs, losses and damages, including reasonable attorneys' fees, that result from our



reliance on a facsimile signature or by a facsimile or digital image that we otherwise believe you authorized.

#### **P. Closing a Rewards Account**

We have the right to close your Rewards Account at any time for any reason without advance notice. In addition, your Rewards Account may be closed automatically within six (6) months of any termination of your Card. If your Points balance is positive, such Points will be redeemed for Rewards upon remediation. If your Rewards Account has a balance when we close it, we will transfer the remaining crypto assets to your BlockFi Wallet, less any applicable penalty, unless prohibited by applicable law. We will cooperate with any regulatory or governmental entity's instructions or requests with regard to your Rewards Account, including freezing it and seizing its assets if mandated.

#### **Q. Liability for Failure to Make Transfers**

If we do not complete a transfer from your Rewards Account according to these Account Terms, we will not be liable for any actual losses or damages to you except such losses or damages that result from our gross negligence or willful misconduct. For example, we will not be liable: (i) if, through no fault of ours, you do not have enough cryptocurrency in your Rewards Account to make the transfer; (ii) if circumstances beyond our control (such as fire, pandemic or flood) prevent the transfer, despite reasonable precautions that we have taken; (iii) in the case of preauthorized credits, if the data from the third party is not received, is incomplete or erroneous; (iv) if your Rewards Account is not in an active status; (v) due to legal requirements or regulatory restrictions; and (vi) in the case of other exceptions stated in these Account Terms or in another agreement with you.

#### **R. Disclosure of Rewards Account Information**

We will disclose information to third parties about your Rewards Account: (i) where it is necessary for completing transfers; (ii) in order to verify the existence and condition of your Rewards Account for a third party, such as a credit bureau or merchant; (iii) in accordance with the BlockFi Terms of Service; (iv) if you give us your written permission; (v) if we close your Rewards Account due to a deficient balance, excessive instances when you do not have sufficient funds in your Rewards Account or to protect or enforce our legal rights; and (vi) in order to comply with government agency or court orders.

#### **S. Rewards Account Errors or Questions**

1. Our platform allows you to review your Rewards Account and conduct certain other transactions online. You must maintain adequate security and control of any and all IDs, passwords, hints, or any other codes that you use to access your Rewards Account through our online platform. Any loss or compromise of the foregoing information or your personal information may result in unauthorized access to your Rewards Account. We assume no responsibility for any loss that you may sustain due to compromise of your sensitive information. You accept all risks of unauthorized access and use of your Rewards Account.

2. Tell us promptly if you believe that an electronic transfer has been made other than the automatic monthly transfers described in these Account Terms. Telephoning us is the best way of keeping your possible losses down. You could lose all the funds in your Rewards Account (plus any other BlockFi account you own). If your statement shows any such transfer, tell us immediately at the following toll-free number: +1 (833) 426-0304, or at the number on your Card.

3. Call us at +1 (833) 426-0304 or at the number on your Card, as soon as you can, if you think your statement is wrong or if you need more information about an item listed on the statement. We must hear

from you no later than sixty (60) days after we send you or make available to you the first statement on which the problem or error appeared.

4. If you tell us orally or via electronic means, we may require that you send us your complaint or question in writing, and we may request additional information within ten (10) business days. We will endeavor to determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. For errors involving new Rewards Accounts, we may take up to ninety (90) days to investigate your complaint or question. If we decide to do this, we will credit your Rewards Account within ten (10) business days for the amount of the error, so that you will have the use of the funds during the time it takes us to complete our investigation. For new Rewards Accounts, we may take up to twenty (20) business days to credit your Rewards Account for the amount you think is in error.

5. If we ask you to put your complaint or question in writing, or request additional information, and do not receive it within ten business days, we may not credit your Rewards Account. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

Account Terms Last Modified: 10/6/2022

**Exhibit J**

**Initial Notice**



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r/blockfi · Posted by u/Brandon\_BlockFi · Community Manager

Update from BlockFi

[sprcdn-assets.sprinklr.com/2024/d...](https://sprcdn-assets.sprinklr.com/2024/d...)

Announcement

We are shocked and dismayed by the news regarding FTX and Alameda. We, like the rest of the world, found out about this situation through Twitter.

Given the lack of clarity on the status of FTX.com, FTX US and Alameda, we are not able to operate business as usual.

Our priority has been and will continue to be to protect our clients and their interests.

Until there is further clarity, we are limiting platform activity, including pausing client withdrawals as allowed under our Terms. We will share more specifics as soon as possible. We request that clients not deposit to BlockFi Wallet or Interest Accounts at this time.

We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than what our clients and other stakeholders are used to.

BlockFi

Do more and Earn

Restrict

24.2k

HODLers

## Exhibit K

### Internal Slack Announcement



Flori 8:09 PM

Hi BlockFi Team,

As promised, we want to provide important updates to you about our business as transparently, empathetically, and quickly as possible.

We are in the heartbreaking position of sharing the following news with you, which will shortly be shared with outside stakeholders and on social media outlets:

1. We are shocked and dismayed by the news regarding FTX and Alameda. We, like the rest of the world, found out about this situation through Twitter. Given the lack of clarity on the status of FTX.com, FTX US and Alameda, we are not able to operate business as usual.
2. Our priority has been and will continue to be to protect our clients and their interests.
3. Until there is further clarity, we are limiting platform activity, including pausing client withdrawals as allowed under our Terms. We will share more specifics as soon as possible. We request that clients not deposit to BlockFi Wallet or Interest Accounts at this time.
4. We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than what our clients and other stakeholders are used to.

We know you will have numerous questions which we have tried to anticipate the start of below:

- Do I still have a job?
  - The short answer is yes and we have sufficient funds for payroll and company operations. We will have more formal operational plans to share as soon as we can.
- How long are we pausing client withdrawals?
  - We are not sure how long client withdrawals will remain paused as we work through various alternatives.
- Are other products impacted by this change?
  - The executive team is working through further implications for the platform.
- What should I do if I'm contacted by the press or receive inquiries on social media?
  - As always, any press inquiries should be directed to [@MadelynMcHugh](#) and forwarded to [press@blockfi.com](mailto:press@blockfi.com).

If you have further questions, please share them with [@MegCrowell](#) and I'll answer them as soon as we can. We plan to have an All Hands tomorrow to provide more context - stay tuned for details.

Through all of the crypto industry's ups and downs, Zac and I never expected to be in this position. We thank you all for your incredible work, grit, and ingenuity in supporting our clients, our partners, and most importantly each other as friends and colleagues.

Flori and Zac

## Exhibit L

### Internal Email Notice

To: Team[team@blockfi.com]  
From: Flori Marquez[flori@blockfi.com]  
Sent: Thur 11/10/2022 8:11:55 PM (UTC-05:00)  
Subject: November 10th Update

Hi BlockFi Team,

As promised, we want to provide important updates to you about our business as transparently, empathetically, and quickly as possible.

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If you have further questions, please share them with @meg.crowell and we will answer them as soon as we can. We plan to have an All Hands tomorrow to provide more context - stay tuned for details.

Through all of the crypto industry's ups and downs, Zac and I never expected to be in this position. We thank you all for your incredible work, grit, and ingenuity in supporting our clients, our partners, and most importantly each other as friends and colleagues.

Flori and Zac



Flori Marquez  
Founder, COO  
[flori@blockfi.com](mailto:flori@blockfi.com)  
@founderflori  
C | 201.912.7384  
O | 646.779.9688

**Exhibit M**

**November 10 Newspaper Notices**



Technology

# Crypto Lender BlockFi Suspends Withdrawals in FTX Contagion

- BlockFi cites a 'lack of clarity' over FTX status for the move
- Company asks customers to refrain from depositing funds



WATCH: The crisis has left crypto investors in shock and looks set to cause more contagion. Anna Irrera reports. *Source: Bloomberg*

By Hannah Miller

November 10, 2022 at 8:33 PM EST *Updated on November 11, 2022 at 3:04 AM EST*

The crisis sparked by the collapse of Sam Bankman-Fried's FTX crypto empire ensnared BlockFi, a troubled digital-asset lender once worth \$3 billion but which has now limited activity on its platform.

BlockFi on Twitter said it will pause client withdrawals, citing "a lack of clarity" over the status of onetime savior FTX US as well as the uncertainty afflicting FTX.com and sister trading house Alameda Research.



12/29/22, 3:06 PM Case 22-19361-MBK Document 822-1 Filed 05/02/23 Entered 05/02/23 22:27:06 Desc Main Document Page 141 of 199

The Jersey City, New Jersey-based company asked customers to refrain from depositing funds into their BlockFi wallets or interest accounts. In a second-quarter report, BlockFi said the platform's total deployable clients assets amounted to \$3.9 billion.

The developments at BlockFi underscore growing concerns about contagion from the toppling of crypto exchange FTX and trading house Alameda Research. Digital-asset lenders like BlockFi and Celsius Network, which is in bankruptcy, had already been buffeted by the rout in virtual coins over 2022.

BlockFi was in the process of moving its assets to FTX for custody, according to a person familiar with the matter. The majority of BlockFi's assets had not been moved yet, the person added, asking not to be identified due to the sensitive nature of the matter.

The crypto lender had given loans to Alameda Research, the person familiar said, without specifying an amount.

The loans are over-collateralized with liquid assets -- including Robinhood Inc. shares -- but BlockFi is no longer certain about where the funding for its credit line with FTX US and the collateral for the Alameda loans came from, the person said, citing concerns that it could have originated with customer funds.

## FTX Probes

The US Securities and Exchange Commission and the Commodity Futures Trading Commission are looking into whether FTX.com mishandled customer funds. Bankman-Fried is also being investigated by the US Securities and Exchange Commission for potential violations of securities rules.

FTX US earlier in the year offered BlockFi a major lifeline by providing a \$400 million revolving credit facility in an agreement that came with the option to purchase the company.

Originally valued at \$3 billion in March 2021, BlockFi sought to raise money at a reduced valuation of about \$1 billion in June. The firm also faced scrutiny from financial regulators over its interest account and paid \$100 million in penalties to the SEC.

BlockFi took an \$80 million hit from the bad debt of crypto hedge fund Three Arrows Capital, which imploded after the TerraUSD stablecoin wipeout in May.

Authorities in the Bahamas, where FTX.com is based, froze the assets of its local trading subsidiary and "related parties," further signs that Bankman-Fried's empire is teetering.

For crypto market prices: CRYPT; for top crypto news: TOP CRYPTO.

READ MORE ABOUT BLOCKFI, FTX:

---

[FTX.com Assets Frozen by Bahamas as Crisis Engulfs Empire](#)

[FTX's Sam Bankman-Fried Faces SEC Probe as His Empire Crumbles](#)

[FTX US Signs Option to Buy BlockFi in Crypto Sector Shakeup](#)

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*(Updates from the fifth paragraph with explanation of halt.)*

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<https://www.wsj.com/articles/crypto-lender-blockfi-halts-withdrawals-citing-ftxs-problems-11668142538>

MARKETSCURRENCIESCRYPTOCURRENCY

# Crypto Lender BlockFi Halts Withdrawals, Citing FTX's Problems

The New Jersey-based lender had obtained a financial lifeline from FTX in July



BlockFi obtained a financial lifeline from FTX this past summer.

PHOTO: GABBY JONES/BLOOMBERG NEWS

By Elaine Yu [+](#)

Nov. 10, 2022 11:55 pm ET

Cryptocurrency lender BlockFi Inc. said it was pausing withdrawals and limiting activity on its platform, becoming the latest casualty of the sudden collapse of Sam Bankman-Fried's crypto empire.

"We are shocked and dismayed by the news regarding FTX and Alameda," BlockFi said late Thursday on its Twitter account, referring to the crypto exchange FTX and an affiliated trading firm, Alameda Research, both controlled by Mr. Bankman-Fried.

"Given the lack of clarity on the status of FTX.com, FTX US and Alameda, we are not able to operate business as usual," BlockFi said, adding that its priority is to protect its clients.

Advertisement - Scroll to Continue

BlockFi, based in Jersey City, N.J., obtained a financial lifeline from FTX this past summer after steep declines in crypto prices set off a liquidity crisis that engulfed many lenders. FTX provided BlockFi with a \$400 million revolving credit facility in a deal that also gave the exchange an option to purchase the lender.

FTX plunged into its own crisis this week, after it became swamped by client withdrawal requests over the weekend. The exchange had lent billions of dollars in customer assets to fund risky trading bets by Alameda, setting the stage for the exchange's implosion, *The Wall Street Journal* reported.

On Tuesday, BlockFi's founder and chief operating officer, Flori Marquez had said on Twitter that all of the company's products were fully operational and that the lender was processing client withdrawals.

Ms. Marquez also said that the lender's line of credit was from FTX US, not FTX.com, and that BlockFi would be an independent entity until at least next July. FTX, based in the Bahamas, doesn't provide services to American users. They use FTX's U.S.-based exchange, whose offerings are more limited.

In its latest post, the lender requested that clients not make deposits to their BlockFi digital wallets or accounts, and promised further updates.

Mr. Bankman-Fried has told investors that he needs emergency funding to cover a shortfall of up to \$8 billion due to withdrawal requests received in recent days. FTX saw roughly \$5 billion of withdrawals on Sunday—the most ever by a huge margin, he said.

Alameda had used FTX's FTT tokens as collateral for loans it took out from crypto lenders, including BlockFi, according to people familiar with the matter. The FTT tokens have fallen sharply in value this week.

In a series of tweets earlier on Thursday, Mr. Bankman-Fried said Alameda will wind down trading. He said FTX is working to raise money after rival Binance walked away from a plan to take over his exchange, and told employees the potential fundraising could be in the form of an infusion for FTX and FTX US.

The exchange’s sudden difficulties have also created problems for other crypto players. Crypto.com, another major exchange, suspended deposits and withdrawals of two stablecoins, USDC and USDT, on the Solana blockchain on Wednesday. Its chief executive, Kris Marszalek, tweeted that the exchange disabled them to minimize additional risks because FTX was an important venue for stablecoins based on that blockchain.

—Caitlin Ostroff and Vicky Ge Huang contributed to this article.

Write to Elaine Yu at [elaine.yu@wsj.com](mailto:elaine.yu@wsj.com)

## The Effects of FTX

Coverage of the crypto exchange’s bankruptcy, selected by the editors

SIGN UP FOR THE WSJ CRYPTO NEWSLETTER

**Sam Bankman-Fried Makes First U.S. Court Appearance**

**Does FTX’s New CEO Have the Worst Job in Corporate America?**

**Your Guide to FTX and the Crypto Crash**

**Justice Department Sharpens Focus on Crypto**

**Crypto’s Onetime Fans Are Calling It Quits**

**Crypto Giant Offers Little Transparency After FTX Collapse**

**Arrest Offers Cold Comfort to FTX Customers**

**Sam Bankman-Fried’s Parents Had an FTX Role**

Advertisement - Scroll to Continue

**Exhibit N**

**November 11 Newspaper Notices**

# THE STRAITS TIMES

## Crypto lender BlockFi suspends withdrawals in FTX contagion



This comes as FTX is scrambling to raise about US\$9.4 billion from investors and rivals. PHOTO: REUTERS

PUBLISHED NOV 11, 2022, 6:43 PM SGT

NEW JERSEY – The crisis sparked by the collapse of Sam Bankman-Fried’s FTX crypto empire ensnared BlockFi, a troubled digital-asset lender once worth US\$3 billion but which has now limited activity on its platform.

BlockFi on Twitter said it will pause client withdrawals, citing “a lack of clarity” over the status of onetime savior FTX US as well as the uncertainty afflicting FTX.com and sister trading house Alameda Research.

The Jersey City, New Jersey-based company asked customers to refrain from depositing funds into their BlockFi wallets or interest accounts. In a second-quarter report, BlockFi said the platform's total deployable clients assets amounted to US\$3.9 billion.

This comes as FTX is scrambling to raise about US\$9.4 billion from investors and rivals, a source said on Thursday.

The developments at BlockFi underscore growing concerns about contagion from the toppling of crypto exchange FTX and trading house Alameda Research. Digital-asset lenders like BlockFi and Celsius Network, which is in bankruptcy, had already been buffeted by the rout in virtual coins over 2022.

BlockFi was in the process of moving its assets to FTX for custody, according to a person familiar with the matter. The majority of BlockFi's assets had not been moved yet, the person added, asking not to be identified due to the sensitive nature of the matter.

The crypto lender had given loans to Alameda Research, the person familiar said, without specifying an amount.



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The loans are over-collateralised with liquid assets – including Robinhood Inc. shares – but BlockFi is no longer certain about where the funding for its credit line with FTX US and the collateral for the Alameda loans came from, the person said, citing concerns that it could have originated with customer funds.

The US Securities and Exchange Commission and the Commodity Futures Trading Commission are looking into whether FTX.com mishandled customer funds. Bankman-Fried is also being investigated by the US Securities and Exchange Commission for potential violations of securities rules.

FTX US earlier in the year offered BlockFi a major lifeline by providing a US\$400 million revolving credit facility in an agreement that came with the option to purchase the company.

Originally valued at US\$3 billion in March 2021, BlockFi sought to raise money at a reduced valuation of about US\$1 billion in June. The firm also faced scrutiny from financial regulators over its interest account and paid US\$100 million in penalties to the SEC.



BlockFi took an US\$80 million hit from the bad debt of crypto hedge fund Three Arrows Capital, which imploded after the TerraUSD stablecoin wipeout in May.

Authorities in the Bahamas, where FTX.com is based, froze the assets of its local trading subsidiary and “related parties”, further signs that Bankman-Fried’s empire is teetering. BLOOMBERG, REUTERS

MORE ON THIS TOPIC

Authorities in Japan, Bahamas crack down on crypto platform FTX as it faces collapse

FTX’s fall: Is this crypto’s Lehman moment with the industry in for even tougher times?

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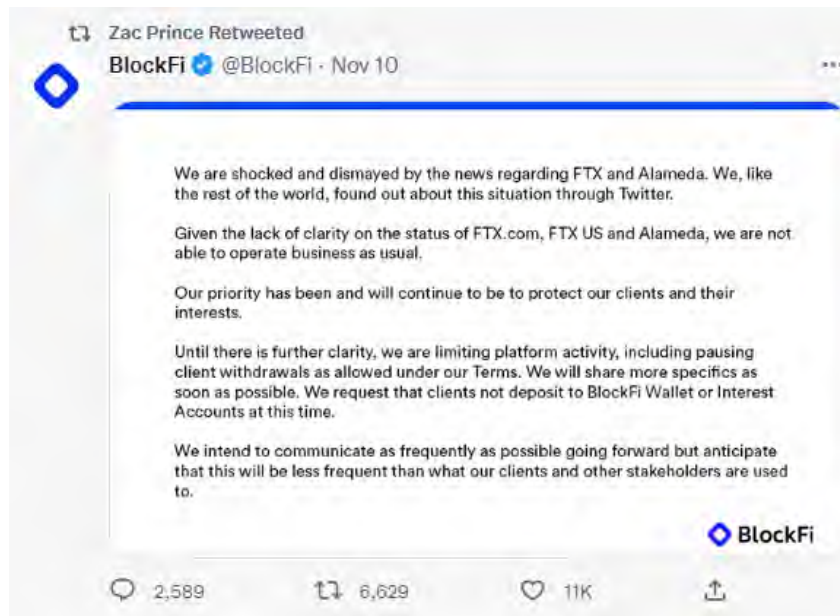


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## Exhibit O


### Second Twitter Notice




←

Flori Marquez

278 Tweets





...

Follow


Flori Marquez

@FounderFlori

Founder & COO of [BlockFi.com](#), bridging the worlds of fintech and blockchain.  
Follow our journey: [@BlockFi](#), [@BlockFiSupport](#), [@BlockFi\\_Insti](#) & [@BlockFi\\_PC](#)

Joined July 2017

203 Following 29.2K Followers

 Followed by Zac Prince


Tweets

Tweets & replies

Media

Likes

Flori Marquez Retweeted



BlockFi

@BlockFi · Nov 10

...


We are shocked and dismayed by the news regarding FTX and Alameda. We, like the rest of the world, found out about this situation through Twitter.

Given the lack of clarity on the status of FTX.com, FTX US and Alameda, we are not able to operate business as usual.

Our priority has been and will continue to be to protect our clients and their interests.

Until there is further clarity, we are limiting platform activity, including pausing client withdrawals as allowed under our Terms. We will share more specifics as soon as possible. We request that clients not deposit to BlockFi Wallet or Interest Accounts at this time.

We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than what our clients and other stakeholders are used to.

 BlockFi

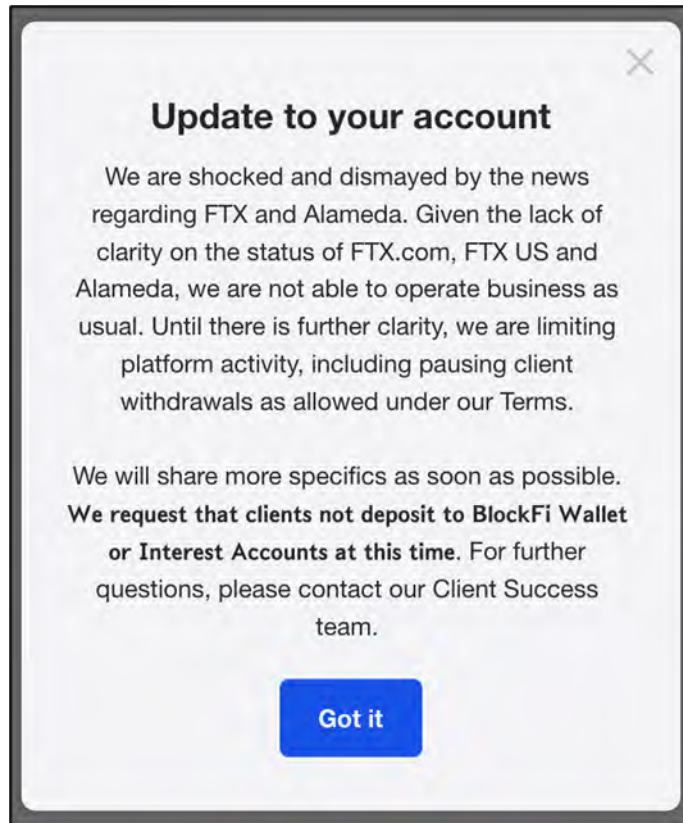
2,589

6,629

11K

**Exhibit P**

**In-App Notice**



## Exhibit Q

### Website Notice

[← Back to blog](#)

BLOCKFI NEWS

## November 11, 2022 BlockFi Update

Published, 11 November, 2022

Share article

[Twitter](#) [Facebook](#) [LinkedIn](#) [Email](#)



## November 11, 2022 BlockFi Update

As always, we want to provide important updates to you about our business as transparently, empathetically, and quickly as possible.

We are in the heartbreaking position of sharing the following news with you:

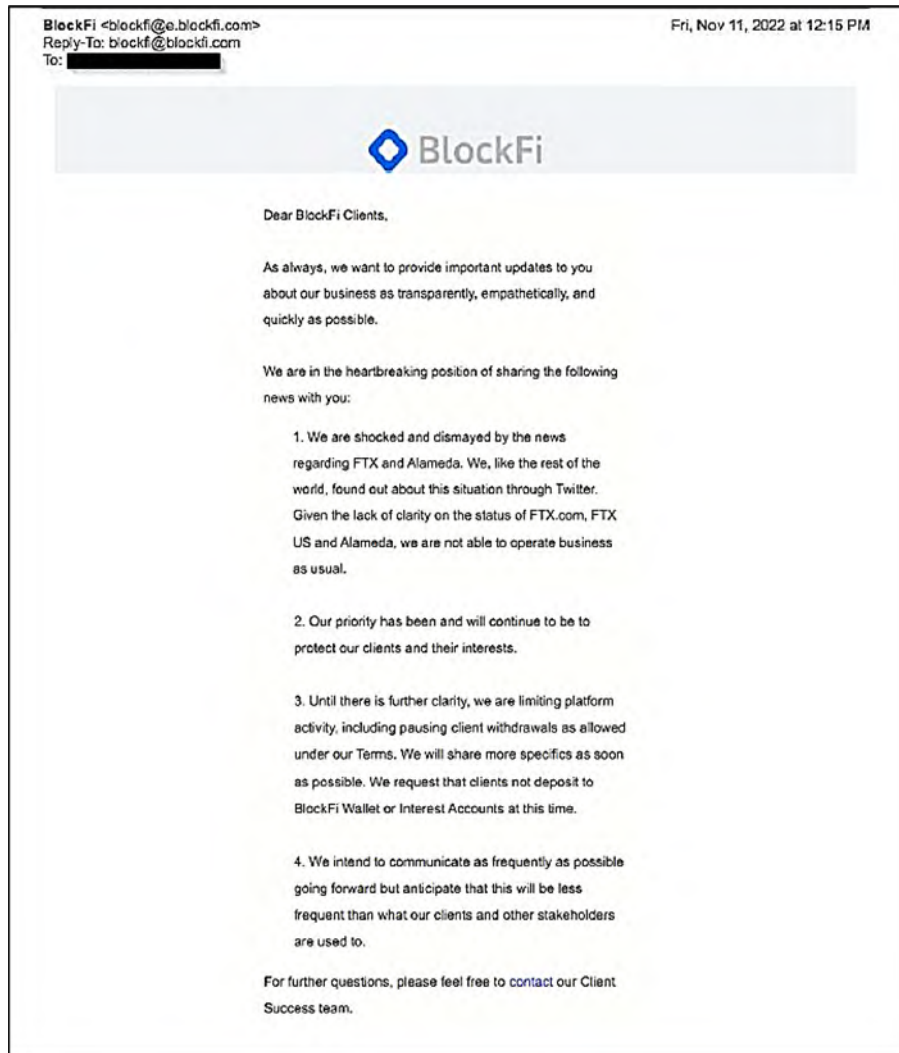
- 1 We are shocked and dismayed by the news regarding FTX and Alameda. We, like the rest of the world, found out about this situation through Twitter. Given the lack of clarity on the status of FTX.com, FTX US and Alameda, we are not able to operate business as usual.
- 2 Our priority has been and will continue to be to protect our clients and their interests.
- 3 Until there is further clarity, we are limiting platform activity, including pausing client withdrawals as allowed under our Terms. We will share more specifics as soon as possible. We request that clients not deposit to BlockFi Wallet or Interest Accounts at this time.
- 4 We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than what our clients and other stakeholders are used to.

For further questions, please feel free to [contact](#) our Client Success team.

Last updated on November 11th, 2022

## Exhibit R

### Email Notice





## Exhibit S

### FTX Twitter Notice

← Thread

 **Flori Marquez**  
@FounderFlori

There's a lot of action in the crypto markets today - something we have seen before and are used to managing. Deposits, withdrawals, trading and lending are all up and running. A few important points:

12:15 PM · Nov 8, 2022

41 Retweets · 66 Quotes · 195 Likes · 26 Bookmarks

 **Who can reply?**  
People @FounderFlori mentioned can reply

 **Flori Marquez** @FounderFlori · Nov 8, 2022

1) All @BlockFi products are fully operational.

 33  84  93  

 **Flori Marquez** @FounderFlori · Nov 8, 2022

2) @BlockFi is an independent business entity. We have a \$400MM line of credit from [FTX.US](#) (not [FTX.com](#)) and will remain an independent entity until at least July 2023.

 41  120  134  

 **Flori Marquez** @FounderFlori · Nov 8, 2022

3) We are processing all client withdrawals in line with our Terms of Service. To date, BlockFi has aimed to deliver all client withdrawals faster than our Terms of Service. [blockfi.com/terms](#)

 16  32  54  

 **Flori Marquez** @FounderFlori · Nov 8, 2022

4) We are operating our business in line with our risk management framework, which you can read more about here: [blockfi.com/in-depth-look-...](#) We run a pragmatic and diversified lending business and hold risk capital reserves to help protect against potential loan defaults.

 5  17  42  

 **Flori Marquez** @FounderFlori · Nov 8, 2022

5) We are reachable through our usual channels (ticket, chat bot, email and phone) and via [@BlockFiSupport](#).

 8  9  34  

 **Flori Marquez** @FounderFlori · Nov 8, 2022


6) We remain committed to transparency and serving our clients.

 69  23  58  

Exhibit T

**Silvergate Notice**

← Thread

 **BlockFi**  
@BlockFi

Silvergate, our US-based banking partner, will be observing the federal holiday (Veterans Day) on November 11.

As a result of this planned third-party closure, ACH and Wire transactions scheduled for 11/11 will not process until 11/14.

Announcement

**Crypto Withdrawals:** Crypto withdrawals are **unaffected**. All crypto withdrawals continue to be processed as normal in line with our terms and conditions.

**Wire Withdrawals:** Any wire withdrawals submitted after **Thursday, November 10** at 2PM ET will not be processed until **Monday, November 14**.





**ACH:** ACH deposits and withdrawals may be delayed by two extra business days.

**Loan Processing:** Wire loan funding & fiat payment requests submitted after **Thursday, November 10** at 2PM ET will not be processed until **Monday, November 14**. Crypto loan funding & crypto loan payment requests are **unaffected** and will be processed as normal.

 **BlockFi** November 10, 2022

9:00 AM · Nov 10, 2022

27 Retweets · 12 Quotes · 113 Likes · 4 Bookmarks



**Exhibit U**

**November 23, 2022 Blog Post FAQ**

On November 28, 2022, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code. Additional information about our filing can be found on our blog [here](#).



← Back to blog



FEATURED

## Responses to Frequently Asked Questions

Published, 23 November, 2022

Share article



We know that our client community has a lot of questions. We are focused on doing the utmost to be transparent around decisions related to our pause, products, and platform activity. Please find below an FAQ with the latest information.

### General Questions

- Why did BlockFi pause platform activities?
  - Following the events surrounding FTX, we determined that in the current environment we could no longer operate our business as usual. The most prudent decision for us, in the interest of all clients, was to initiate a pause of many of our platform activities.
- What's next?
  - There are a number of scenarios that may be available to us, and we are doing the work now to determine the best path forward. BlockFi has engaged expert outside advisors that are helping us navigate BlockFi's next steps. Across BlockFi, our team is working tirelessly towards our primary objective of maximizing value for all of our clients, and that will see us explore every strategic option available to us.
- Where can I find information about my account?
  - You can continue to check the BlockFi app for accurate information regarding your account balances. We will continue to share updates regarding changes to our products through our official communication channels, including [Twitter](#) and our [blog](#).
- Who can I contact if I have questions?
  - Should you have questions, you are welcome to contact our client success team [here](#). Please note, that due to the volume of client inquiries, response times may be delayed.
- Will the company contact me by email if there are any changes to my account?
  - Yes. You will continue to receive email updates if there are changes to your account. Please continue to check BlockFi's official communication channels for updates related to our pause, products, and platform activity.

- Does BlockFi hold 100% of client deposits on FTX?
  - The rumors that a majority of BlockFi assets are custodied at FTX are false. However, as shared, we do have significant exposure to FTX and associated corporate entities that encompasses obligations owed to us by Alameda, assets held at FTX.com, and undrawn amounts from our credit line with FTX.US
- What impact does FTX's Chapter 11 have on BlockFi?
  - We were shocked and dismayed by the news regarding FTX and Alameda. We, like the rest of the world, found out about this situation through Twitter. Given the lack of clarity on the status of FTX.com, FTX US, and Alameda, we are not able to operate business as usual.
  - While we will continue to work on recovering all obligations owed to BlockFi, we expect that the recovery of the obligations owed to us by FTX will be delayed as FTX works through the bankruptcy process. We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than you are used to. Our priority has been and will continue to be to protect our clients and their interests.
  - You can find additional information about FTX's chapter 11 cases [here](#).
- How often will BlockFi provide updates?
  - We intend to communicate as frequently as possible going forward but anticipate that this will be less frequent than what our clients and other stakeholders are used to.

#### Retail Loan Questions

- What does this mean for my loans and loan collateral?
  - At this time, clients do not have the ability to post new funds to BlockFi. As a result, we are putting your loan into administrative forbearance.
  - Any amounts due, including interest and maturity payments, are placed on hold until further notice. The interest rate on your loan will be set to 0% from November 11, 2022 onwards and clients will not be charged additional interest if or when a loan enters delinquency after November 11, 2022. Your loan will not be reported as delinquent to any credit bureaus.
  - You are not expected to make a payment at maturity while your loan is on hold and there will be no late fees associated with any payments, including at maturity. Additionally, autopay has been turned off for your account, if it was enabled.

- Should you have questions about this process, you are welcome to contact our client success team [HERE](#).

- Why is my loan showing as delinquent?
  - For US-based customers, our loan servicing provider, [Scratch](#), will show your loans as delinquent on their system, but given the 0% interest rate, your loan will not accrue any interest or late penalties. Your loan will not be reported as delinquent to any credit bureaus. Clients can disregard the automatically generated email from Scratch at the time of maturity notifying them of delinquency on Scratch's system.
- Is BlockFi liquidating retail loans if the loan reaches liquidation loan-to-value ("LTV") while platform activities are paused?
  - At this time, clients do not have the ability to post new funds to BlockFi. As a result, we are putting your loan into administrative forbearance. BlockFi has paused margin call requirements and auto liquidations at predefined loan-to-value levels.

*For further questions, you are welcome to contact our client success team [here](#). As you can imagine, we are receiving an overwhelming number of inquiries and may need some time to get back to you. We will respond as soon as we are able.*

**Last updated on November 23rd, 2022**

[BLOCKFI NEWS](#)

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BlockFi Trading LLC NMLS ID#1873137 | NMLS Consumer Access

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Digital currency is not legal tender, is not backed by the government, and crypto accounts held with BlockFi are not subject to FDIC or SIPC protections. Digital currency values are not static and fluctuate due to market changes. Not all products and services are available in all geographic areas and are subject to applicable terms and conditions. Eligibility for particular products and services is subject to final determination by BlockFi. Rates for BlockFi products are subject to change.

BlockFi Rewards Credit Card: For more information, please see BlockFi's Terms of Service. BlockFi is not a Bank. Cards are issued by Evolve Bank & Trust, Member FDIC, pursuant to a license from Visa® USA Inc. Rewards are not offered by Evolve Bank & Trust and are instead offered and managed by BlockFi.

BlockFi International Ltd. holds a Class F digital assets business license under the Digital Assets Business Act, 2018 (as amended) and is licensed by the Bermuda Monetary Authority to conduct the following digital assets business activities: (i) issuing, selling or redeeming virtual coins, tokens or any other form of digital assets (ii) operating as a digital asset exchange (iii) providing custodial wallet services (iv) operating as a digital asset derivative exchange provider and (v) operating as a digital assets services vendor.

See [blockfi.com/terms](https://blockfi.com/terms) for more information.



**Exhibit 1**

**Redline**



**COLE SCHOTZ P.C.**

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*Attorneys for Debtors and  
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**AMENDED DECLARATION OF AMIT  
CHEELA, CHIEF FINANCIAL OFFICER OF  
BLOCKFI INC., IN SUPPORT OF THE DEBTORS'  
MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING  
THE DEBTORS TO (A) HONOR WITHDRAWALS FROM  
WALLET ACCOUNTS, (B) UPDATE THE USER INTERFACE  
TO PROPERLY REFLECT TRANSACTIONS AND ASSETS AS OF  
THE PLATFORM PAUSE, AND (C) CONDUCT ORDINARY COURSE  
RECONCILIATION OF ACCOUNTS, AND (II) GRANTING RELATED RELIEF**

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

I, Amit Cheela, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury that the following is true and correct:

1. I am the Chief Financial Officer (“CFO”) of BlockFi Inc. (“BlockFi”). BlockFi, along with certain of its affiliates, are debtors and debtors in possession in the above captioned chapter 11 cases (collectively, the “Debtors”). I submit this declaration in support of the *Debtors’ Motion for Entry of an Order (I) Authorizing the Debtors to (A) Honor Withdrawals from Wallet Accounts, (B) Update the User Interface to Properly Reflect Transactions and Assets as of the Platform Pause, and (C) Conduct Ordinary Course Reconciliation of Accounts, and (II) Granting Related Relief* [Docket No. 121] (the “Wallet Withdrawal Motion”).<sup>2</sup>

2. Except as otherwise indicated, all facts set forth in this Declaration are based upon (a) my personal knowledge of the facts described herein, (b) information gleaned from my review of relevant documents, (c) information I received from the Debtors’ advisors, or (d) information I that received from my colleagues at BlockFi. If I were called upon to testify, I could and would competently testify to the facts set forth herein. For the reasons described in detail below, I believe that the relief requested in the Wallet Withdrawal Motion is in the best interests of the Debtors, their estates, and other parties in interest.

### **Qualifications**

3. I hold a bachelor’s degree in economics from New York University and a master’s degree in accounting from the University of Southern California’s Marshall School of Business. Before joining BlockFi, I spent nearly a decade in financial services, including roles as an associate

---

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Wallet Withdrawal Motion or the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17] (the “First Day Declaration”), as applicable.

at PricewaterhouseCoopers, an analyst at ESL Investments, and as the Officer of Finance and Operations at Coastal Investment Management.

4. I started working at BlockFi in June 2018 as the Director of Finance. I was one of BlockFi's first employees. Since then, I have been promoted several times, serving as Vice President of Finance, Senior Vice President of Finance, and, as of October 2022, CFO. Prior to the Petition Date, as CFO of BlockFi, I was responsible for overseeing corporate finance, capital markets, investor relations, treasury, strategic planning, and corporate development functions at BlockFi. Throughout my tenure at BlockFi, I have been involved in various aspects of the platform, and I have worked closely with the senior management team and treasury departments to develop our financial services and programs, including the Client Wallet Accounts.

#### **The BlockFi Terms of Service**

5. The use of BlockFi's platform is governed by a general terms of service (the "BlockFi General Terms of Service"),<sup>3</sup> attached hereto as **Exhibit A**. The following terms of service for the Debtors' specific products and services are each incorporated by reference into and made a part of the BlockFi General Terms of Service (collectively, the "BlockFi Terms of Service"):

- (a) the Wallet Terms, attached hereto as **Exhibit B** (the "BlockFi Wallet Terms of Service");<sup>4</sup>
- (b) the U.S. Interest Account Terms, attached hereto as **Exhibit C** (the "BlockFi BIA US Terms of Service"), and Non-U.S. Interest Account Terms, attached hereto as **Exhibit D** (the "BlockFi BIA Non-US Terms of Service");<sup>5</sup>

---

<sup>3</sup> BlockFi General Terms of Service, <https://www.blockfi.com/terms>.

<sup>4</sup> BlockFi Wallet Terms of Service, <https://blockfi.com/wallet-terms>.

<sup>5</sup> BlockFi BIA US Terms of Service, <https://www.blockfi.com/interest-account-terms-existing-us>; BlockFi BIA Non-US Terms of Service, <https://www.blockfi.com/interest-account-terms>.

- (c) the Trading Terms, attached hereto as **Exhibit E** (the “BlockFi Trading Terms of Service”);<sup>6</sup>
- (d) the Private Client Terms, attached hereto as **Exhibit F** (the “BPC Terms of Service”);<sup>7</sup>
- (e) the ACH Transfer Terms, attached hereto as **Exhibit G** (the “BlockFi ACH Terms of Service”);<sup>8</sup>
- (f) the Debit Card Payment Terms, attached hereto as **Exhibit H** (the “BlockFi Debit Card Terms of Service”);<sup>9</sup> and
- (g) the Crypto Rewards Account Terms, attached hereto as **Exhibit I** (the “BlockFi Rewards Program Terms of Service”).<sup>10</sup>

6. Under the BlockFi General Terms of Service, by choosing to use the Debtors’ products and services, a client agrees to the BlockFi General Terms of Service and any other applicable terms of service.<sup>11</sup> Pursuant to the BlockFi General Terms of Service, clients must, among other things, “acknowledge and agree that BlockFi, *in its sole discretion, may suspend or discontinue your, and refuse any and all current and future, access to or use of you[r] BlockFi Account at any time without notice to you.*”<sup>12</sup>

7. Each of the BlockFi Wallet Terms of Service, the BlockFi BIA US Terms of Service, the BlockFi BIA Non-US Terms of Service, and the BlockFi Private Client Terms of Service further provide that, among other things, “BlockFi and our third-party partners may

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<sup>6</sup> BlockFi Trading Terms of Service, <https://blockfi.com/trading-terms>.

<sup>7</sup> BlockFi Private Client Terms of Service, <https://blockfi.com/private-client-terms>.

<sup>8</sup> BlockFi ACH Terms of Service, <https://blockfi.com/ach-terms>.

<sup>9</sup> BlockFi Debit Card Payment Terms of Service, <https://blockfi.com/debit-card-payment-terms>.

<sup>10</sup> BlockFi Rewards Program Terms of Service, <https://blockfi.com/credit-card-terms?variant=credit-card>.

<sup>11</sup> See BlockFi General Terms of Service; BlockFi Wallet Terms of Service; BlockFi BIA Terms of Service; BlockFi BPC Terms of Service; BlockFi ACH Terms of Service; and BlockFi Debit Card Terms of Service.

<sup>12</sup> BlockFi General Terms of Service, Registration (emphasis added).

experience cyber-attacks, *extreme market conditions, or other operational or technical difficulties which could result in the immediate halt of transfers and withdrawals of cryptocurrency either temporarily or permanently.*”<sup>13</sup>

8. Each of the BlockFi Wallet Terms of Service, BlockFi BIA US Terms of Service, the BlockFi BIA Non-US Terms of Service, the BlockFi Trading Terms of Service, and the BlockFi Rewards Program Terms of Service, provide that the Debtors reserve the right “to limit access to your accounts, which can include temporarily or permanently removing your online access, restricting your account and/or closing your accounts *without prior notice to you* unless prior notice is required by law.”<sup>14</sup>

9. The BlockFi General Terms of Service provide that:

***BlockFi may terminate your right to use the Online Platform, or block you from future use, at any time in its sole discretion, with or without cause, and without notice to you.*** Some circumstances in which BlockFi may exercise this right to terminate your right to use the Online Platform include, but are not limited to: (i) you have breached any provision of the Terms; (ii) you have engaged in conduct which BlockFi, in its sole discretion, considers to be unacceptable; (iii) BlockFi is required by law to do so; or (iv) BlockFi no longer provides the Online Platform. ***The above are only examples of circumstances in which BlockFi may terminate your right to use the Online Platform and BlockFi may terminate your right to use the Online Platform for any other reason in its sole discretion.*** We will not be liable to you due to or by reason of our termination of your right to use the Online Platform or the automatic termination of your right to use the Online Platform for non-compliance set forth above.<sup>15</sup>

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<sup>13</sup> BlockFi Wallet Terms of Service, § D.5 (emphasis added); BlockFi BIA Non-US Terms of Service, § E.3 (emphasis added); BlockFi BIA US Terms of Service, § C.3 (emphasis added); BPC Terms of Service, § F.9 (emphasis added).

<sup>14</sup> BlockFi Wallet Terms of Service, § G.12 (emphasis added); BlockFi BIA US Terms of Service, § G.11 (emphasis added); BlockFi BIA Non-US Terms of Service, § I.11 (emphasis added); BlockFi Rewards Program Terms of Service, § I.12 (emphasis added).

<sup>15</sup> BlockFi General Terms of Service, Termination; Survival of Provisions (emphasis added).

10. The BlockFi General Terms of Service further provide that “BlockFi reserves the right to refuse service, terminate relationships, and cancel orders or transactions in its discretion.”<sup>16</sup>

11. The BlockFi ACH Terms of Service provide that “BlockFi, in its sole discretion, may refuse this transfer option service to anyone or any user *without notice for any reason at any time.*”<sup>17</sup> Similarly, the BlockFi Debit Card Payment Terms of Service provide that “BlockFi, in its sole discretion, may refuse this debit card payment option to any user *without notice for any reason at any time.*”<sup>18</sup>

12. The BlockFi Trading Terms of Service provide that:

Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. *Some cryptocurrency transactions shall be deemed to be made when recorded on a public ledger, which is not necessarily the date or time that the client initiates the transaction.* The value of cryptocurrency may be derived from the continued willingness of market participants to exchange government-issued currency for cryptocurrency, which may result in the potential for permanent and total loss of value of a particular cryptocurrency should the market for that cryptocurrency disappear.<sup>19</sup>

13. The BlockFi Trading Terms of Service further provide that:

*We may settle any trading activity through book-entry. At any given time, there is no assurance that all purchased digital assets will be immediately transferred into your BlockFi Wallet. Therefore, you may be subject to our credit risk.* Your right to receive purchased digital assets will not be secured by any property nor insured by any insurance. Your right to receive purchased digital assets may be subordinated to any of our secured debt and rank equally with any of our other debt obligations. This means that, in a bankruptcy or liquidation proceeding against us, your right to receive digital assets in your BlockFi Wallet may rank equally in

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<sup>16</sup> BlockFi General Terms of Service, Acceptable Use of the Online Platform.

<sup>17</sup> BlockFi ACH Terms of Service § 1 (emphasis added).

<sup>18</sup> BlockFi Debit Card Payment Terms of Service § 1 (emphasis added).

<sup>19</sup> BlockFi Trading Terms of Service § E.2 (emphasis added).

right of payment with all our other unsecured and unsubordinated debt. In such an event, you may lose the entire value of your BlockFi Wallet.<sup>20</sup>

14. The BlockFi Trading Terms of Service provide that BlockFi “may accept or refuse any order, or delay placing any order, if [BlockFi] determine[s] that it is necessary or appropriate to do so. Additionally, you may suffer market losses during periods of volatility in the price and volume of eligible crypto, particularly when system issues result in the inability to buy or sell eligible crypto. You agree that you will not hold BlockFi responsible for any losses caused by such refusal or delay or such inability to transact.”<sup>21</sup>

15. The BlockFi Wallet Terms of Service provide that:

You may make a ***request*** for a complete or partial withdrawal of cryptocurrency from your BlockFi Wallet at any time with appropriate time notice as stated above. ***Additionally, before a withdrawal is processed, you may be required to provide certain personally identifiable information so BlockFi can verify your identity. BlockFi initiates the withdrawal process instantly when possible, and we may require up to seven (7) days after you submit your withdrawal request to process the withdrawal.***<sup>22</sup>

16. The BlockFi Wallet Terms of Service further provide that:

Upon a withdrawal ***request***, your cryptocurrency will first be transferred to BlockFi Trading LLC, and then will be transferred to your designated account.<sup>23</sup>

17. The BlockFi BIA US Terms of Service and BlockFi BIA Non-US Terms of Service provide that:

You may make a ***request*** for complete or partial withdrawal of principal from your Crypto Interest Account at any time. Any

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<sup>20</sup> BlockFi Trading Terms of Service § E.4 (emphasis added).

<sup>21</sup> BlockFi Trading Terms of Service, § A.5 (emphasis added).

<sup>22</sup> BlockFi Wallet Terms of Service § D.1 (emphasis added).

<sup>23</sup> BlockFi Wallet Terms of Service § D.2 (emphasis added).

withdrawal of principal will be transferred instantly to your BlockFi Wallet and any withdrawal from your BlockFi Wallet will be subject to BlockFi Wallet Terms. Any interest that has accrued but not been credited to your account on a month-end basis is not eligible for withdrawal until the fifth business day of the following month. If you are an existing U.S. client, please note that any assets you withdraw from your Crypto Interest Account on or after February 14, 2022 will not be eligible for transferring back into your Crypto Interest Account.

18. The BlockFi Wallet Terms of Service further provide that “[e]xcept as required by a valid court order or applicable law, BlockFi shall not sell, transfer, loan, hypothecate or otherwise alienate cryptocurrency held in your BlockFi Wallet unless specifically instructed by you.”<sup>24</sup>

**BlockFi Wallet, BlockFi Interest Accounts, and BlockFi Private Client**

**I. BlockFi Wallet.**

**A. The Client Wallet Accounts.**

19. Prior to the Platform Pause (as defined below), the Debtors provided a product called “BlockFi Wallet,” which is a non-interest-bearing account that allows clients to hold, transfer, and manage digital assets. BlockFi Trading LLC provides wallet accounts for their U.S. clients and BlockFi International Ltd. provides wallet accounts for their non-U.S. clients (the “Client Wallet Accounts”). The Client Wallet Accounts are non-interest bearing.

20. In the ordinary course of the Debtors’ business, prior to the Platform Pause, clients could fund their Client Wallet Accounts by either (a) transferring supported digital assets from an external personal wallet to a wallet address provided by BlockFi Trading LLC, which would then record the digital assets to a client’s Client Wallet Account and be displayed on the User Interface (as defined below) or (b) transferring U.S. dollar fiat currency to BlockFi Trading LLC’s accounts

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<sup>24</sup> BlockFi Wallet Terms of Service § F.



at Silvergate Bank, which could be used to purchase supported digital assets that are recorded in the client's Client Wallet Account.<sup>25</sup>

21. Prior to the Platform Pause, a Client Wallet Account could be used by the Debtors' clients in connection with BlockFi's other products and services. For example, after opening a Client Wallet Account, clients could (a) (for non-U.S. clients) direct the transfer of cryptocurrency recorded in their Client Wallet Account to an interest earning account, (b) buy and sell cryptocurrency on BlockFi's platform, (c) direct transfers of digital assets or fiat cash (as proceeds from a trade of digital assets into fiat) to the client's external personal account, and (d) (for U.S. clients) receive digital asset rewards through the Rewards Card.

**B. The Custodial Omnibus Wallets.**

22. BlockFi Wallet LLC has a digital asset wallet account with Fireblocks (the "Wallet LLC FBO BlockFi Trading's Customers Account"). BlockFi Wallet LLC hosts and maintains pooled custodial solutions wallets for U.S. clients through the Wallet LLC FBO BlockFi Trading's Customers Account "for the benefit of" the clients of BlockFi Trading LLC (the "Wallet LLC Wallets").

23. BlockFi Trading LLC has a digital asset wallet account with BitGo (the "BitGo Account"). BlockFi Trading LLC hosts and maintains pooled custodial solutions wallets "for the benefit of" U.S. clients of BlockFi Trading LLC through the BitGo Account (the "BitGo Custodial Wallets").

24. BlockFi International Ltd. has a digital asset account with Fireblocks (the "International Fireblocks Account"). BlockFi International Ltd. has a wallet subaccount of

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<sup>25</sup> The exception to this is residents of New York who have a crypto-backed loan but who do not have a BlockFi Wallet account, because Wallet Accounts are not available in the state of New York.

the International Fireblocks Account (the “International Vault Account”). BlockFi International Ltd. hosts and maintains pooled custodial solutions wallets for the benefit of non-U.S. clients of BlockFi International Ltd. through the International Vault Account (the “International Vault Wallets,” and together with Wallet LLC Custodial Wallets and the BitGo Custodial Wallets, the “Custodial Omnibus Wallets”).

25. The Custodial Omnibus Wallets are all a part of the BlockFi Wallet product. As set forth in the BlockFi Wallet Terms of Service, the digital assets held in the Custodial Omnibus Wallets are not rehypothecated for BlockFi’s lending activities.<sup>26</sup> Additionally, as set forth in the BlockFi Wallet Terms of Service, “title to the cryptocurrency held in your BlockFi Wallet shall at all times remain with you and shall not transfer to BlockFi.”<sup>27</sup>

26. BlockFi also hosts and maintains separate non-custodial wallets for digital assets associated with BlockFi Interest Account (“BIA”), BlockFi Private Client (“BPC”), and BlockFi Loan product offerings. Specifically, BlockFi Inc., BlockFi Lending LLC, and BlockFi International Ltd. each separately host and maintain omnibus non-custodial wallets through Fireblocks or other exchanges and custodians for BlockFi’s other product offerings (the “Rehypothecateable Wallets”). The digital assets in the Rehypothecateable Wallets are available for BlockFi to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use.<sup>28</sup> There is no commingling of digital assets held in the Custodial Omnibus Wallets with the Rehypothecateable Wallets.

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<sup>26</sup> BlockFi Wallet Terms of Service § F.

<sup>27</sup> BlockFi Wallet Terms of Service § F.

<sup>28</sup> BlockFi Private Client Terms of Service § G.1; BlockFi BIA Non-US Terms of Service § G.1; BlockFi BIA US Terms of Service § E.1.

**C. Client Deposits of Digital Assets onto BlockFi's Platform.**

27. When a U.S. or non-U.S. client deposits digital assets into their Client Wallet Account from an external source (*e.g.*, an external wallet), such digital assets are received by the BitGo Custodial Wallets maintained by BlockFi Trading LLC. The BitGo Custodial Wallets are the sole digital asset onramp and offramp to and from BlockFi's platform.

28. Once a digital asset is deposited into the BitGo Custodial Wallet, such a digital asset is fungible; no specific digital asset in the Custodial Omnibus Wallets belongs to any particular client. When a non-U.S. client deposits digital assets into the BitGo Custodial Wallets, digital assets in the Debtors' omnibus wallets are sent to the International Vault Wallets pursuant to the omnibus True-Up Process conducted by BlockFi's employees to account for such deposits of non-U.S. clients. When a U.S. client successfully sends a deposit of digital assets onto BlockFi's platform from an external source (*e.g.*, an external wallet), a book entry reflecting such deposit is instantaneously recorded in the Company-Facing Interface (as defined below) as a deposit received and is also immediately displayed on the User Interface as being held in the applicable Client Wallet Account. From the perspective of the blockchain, the digital assets move from such U.S. clients' external wallet to the BitGo Custodial Wallets, where such digital assets can remain indefinitely or be swept to the Wallet LLC Wallets.

29. Pursuant to the BlockFi Wallet Terms of Service "the transfer of such eligible cryptocurrency to your BlockFi Wallet may not be deemed settled or completed until the transaction has met the specific protocol for a relevant cryptocurrency that BlockFi has defined."<sup>29</sup>

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<sup>29</sup> BlockFi Wallet Terms of Service §C.2.

**D. Transfer Requests and Withdrawal Requests.**

30. Following the launch of BlockFi's Wallet product, clients could no longer withdraw eligible digital assets directly from BIA to an external wallet. Instead, as set forth in the BlockFi US BIA Terms of Service and BlockFi Non-US BIA Terms of Service, clients first had to request a transfer of digital assets from BIA to their Client Wallet Account.

31. A client can only request an off-platform withdrawal of eligible<sup>30</sup> digital assets that are represented in their Client Wallet Account on the User Interface and are held in the BitGo Custodial Wallet. From the perspective of the blockchain, digital assets will move from the BitGo Custodial Wallet to the client's external wallet. In the ordinary course of business, for retail and private clients, digital assets would not move on the blockchain from the Rehypotheatable Wallets to external client wallets in a single transaction.

32. In order for a client to request to withdraw digital assets from BIA to an external destination (including external wallets), a client must first "click" the requisite buttons on the User Interface to initiate a transfer request of such digital assets from BIA to their Client Wallet Account.<sup>31</sup> As set forth in the BlockFi BIA US Terms of Service and BlockFi BIA Non-US Terms of service, limits on transfers of eligible digital assets from BIA to Client Wallet Accounts based on frequency and amount may apply from time-to-time and are described in on the User Interface and on the Debtors' website at <https://blockfi.com/fees>.<sup>32</sup>

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<sup>30</sup> Ineligible digital assets include the Trade-Only Assets. Trade-Only Assets held on the BlockFi platform cannot be withdrawn to an external source.

<sup>31</sup> Certain BPC clients may have received white glove service from time to time whereby BlockFi employees effectuated moves from such BPC clients' BPC accounts to the applicable Client Wallet Account and thereafter facilitated a subsequent withdrawal without such BPC clients first needing to click the requisite buttons on the User Interface, but the BlockFi employees took all of the same steps (*i.e.*, the True-Up Process and/or Batching Process) as they would have if the BPC client had clicked the requisite buttons on the User Interface.

<sup>32</sup> BlockFi BIA US Terms of Service § C.2; BlockFi BIA Non-US Terms of Service § E.2.

33. Following the SEC Settlement in February of 2022, if a client was a U.S. client, then in order to request a transfer of digital assets out of their BIA, after clicking the “transfer” button on the User Interface to initiate a withdrawal request, the client first had to: (i) view a pop-up warning advising, “Are You Sure? Once you transfer assets from your Interest Account, you won’t be able to transfer them back in,” and click “Continue With Transfer”; and (ii) on a second page, check a box acknowledging that, “I understand this transfer cannot be reversed and I will lose the possibility to earn interest on these assets” and click “Confirm Transfer.”

34. In the ordinary course of business, when a client requested to transfer eligible digital assets out of their BIA to their Client Wallet Account on the User Interface, interest stopped accruing immediately as the interest accrual calculation was connected to the balances displayed on the User Interface. When a client clicked the “transfer” button on the User Interface to initiate a transfer request to transfer digital assets out of their BIA to their Client Wallet Account, the client could immediately click a second “withdraw” button on the User Interface to request a withdrawal from their Client Wallet Account in the form of digital assets or fiat (if digital assets were trading into fiat).

35. When a client requested to transfer eligible digital assets out of their BIA to their Client Wallet Account on the User Interface, the client could immediately request to trade those digital assets without needing to wait for the True-Up Process to be completed, with BlockFi assuming the hedging risk, as was standard for all trading on BlockFi. However, the Debtors handled requested trades through book entries, and, as stated in the BlockFi Trading Terms of Service, there was no assurance that any purchased digital assets would be immediately transferred

into a client's Client Wallet Account and BlockFi's clients were subject to BlockFi's credit risk.<sup>33</sup> Trade requests were not effectuated until the True-Up Process was complete.

36. The mere act of clicking a button on the User Interface has no automatic impact on the digital asset balances in the Custodial Omnibus Wallets and the Rehypothecateable Wallets. Likewise, the mere collection of data in a queue on the Company-Facing Interface has no impact whatsoever on the digital asset balances in the Custodial Omnibus Wallets and the Rehypothecateable Wallets. Digital assets can only move from Rehypothecateable Wallets to Custodial Omnibus Wallets and from the BitGo Custodial Wallet to an external wallet via manual intervention by the Debtors' employees through the True-Up Process and/or Batching Process.

**E. The Batching Process.**

37. The off-platform withdrawal process is a partially manual process undertaken by members of the Debtors' Financial Operations team, summarized as follows (the "Batching Process"):

- i. The Debtors' Financial Operations team would "batch" request data on the Company-Facing Interface and then send such "batches" of withdrawal request data to the Debtors' Fraud and Security team. The Debtors' Fraud and Security team would run automated fraud checks. The automated fraud check system would identify and flag certain off-platform withdrawal requests, which the Debtors' Fraud and Security team would manually review. Depending on the facts of the particular situation, the process described in this paragraph 37(i) can either be completed reasonably quickly, or can take numerous days to complete;

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<sup>33</sup> BlockFi Terms of Service § E.4.

- ii. each business day, the Debtors' Financial Operations team would review the withdrawal request data that had been reviewed by the Debtors' Fraud and Security team and had cleared fraud checks and hold time;
- iii. the Debtors' Financial Operations team would again "batch" such withdrawal requests (*i.e.*, organize the requests for processing) according to the time of request and whether such withdrawal request was for digital currency, ACH, or wire;
- iv. two times each business day, the Debtors' Financial Operations team would upload and submit the valid withdrawal request data to BitGo (in the instance of on-chain digital currency withdrawal requests), and Silvergate (in the instance of ACH or wire fiat withdrawal requests).
- v. BitGo would then effectuate the withdrawal request by facilitating the movement of digital assets or fiat from the BitGo Custodial Wallet to the applicable clients. Silvergate would facilitate wires and ACH requests.

38. As set forth in the BlockFi Wallet Terms of Service, it can take up to seven days for the Debtors to complete the off-platform withdrawal process after a client submits their withdrawal request. BlockFi usually processed off-platform withdrawal requests in fewer than seven days. A client cannot effectuate a bona fide transfer of digital assets from their BIA to their Client Wallet Account without such transfer request being effectuated by the Debtors employees via the earlier of (a) the Batching Process or (b) the True-Up Process to occur.

39. In the ordinary course of business, pursuant to the BlockFi Wallet Terms of Service, a client "may make a ***request*** for complete or partial withdrawal of principal ... at any time," but the actual withdrawal is "transferred instantly" upon completion of the Batching Process and/or the True-Up Process (whichever happens first).<sup>34</sup> A critical element of BlockFi's business is to guard against attempted fraud and to ensure the safety of their client's digital assets. Accordingly,

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<sup>34</sup> BlockFi Wallet Terms of Service § C.1.

the Batching Process and True-Up Process are essential steps in facilitating and effectuating withdrawal requests.<sup>35</sup>

**F. The True-Up Process.**

40. As used herein, “True-Up Process” refers to the partially manual, multi-step process undertaken by the Debtors’ Treasury and Financial Operations Teams to effectuate client transfer request data collected by the Company-Facing Interface, subject to customary fraud and security checks with respect to off-platform withdrawal requests in connection with the Batching Process. The True-Up process occurred once each business day, generally between 9:00 a.m. and 11:00 a.m. (prevailing Eastern time).

41. The following are summary descriptions of the steps of the True-Up Process:

- i. The client initiates a transfer request through the User Interface.
- ii. Data regarding client transfer requests is automatically collected in the Company-Facing Interface.
- iii. The data in the Company-Facing Interface is reviewed by BlockFi’s Treasury team on the business day following clients’ transfer requests. The Treasury team also reviews current Custodial Omnibus Wallet balances to calculate the digital assets that are needed to reconcile the Custodial Omnibus Wallets so that the balances match the transfer request data reflected in the Company-Facing Interface (*i.e.*, the required net inflow or outflow of digital assets from the Custodial Omnibus Wallets and Rehypothecateable Wallets so that the omnibus balances match the Company-Facing Interface from the prior business day), and then take requisite steps to “true-up” the Custodial Omnibus Wallets so that the two systems match one another.
- iv. Once each business day, by reference to the prior day’s closing balances in Custodial Omnibus Wallets, members of BlockFi’s Treasury team reconciled clients’ transfer requests with the Custodial Omnibus Wallets.

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<sup>35</sup> See BlockFi Wallet Terms of Service § C.4.



- (i) The first step to reconciling the Company-Facing Interface data with BlockFi's financial ledger (the term BlockFi uses to refer to the Omnibus Custodial Wallet balance information maintained on Google Sheets and that is ultimately imported to and reflected on BlockFi's books and records at month's end) was to calculate the quantum of digital assets that needed to be transferred to or from the Custodial Omnibus Wallets and the Rehypotheateable Wallets. To do this, the Treasury team inputted a download of data from the Company-Facing Interface into a spreadsheet calculator to determine the amount of digital assets (the "True-Up Amounts") that had to be transferred in or out of the Custodial Omnibus Wallets to match the data collected in the Company-Facing Interface the prior business day.
  - (ii) Following the Treasury team's review and calculation of the True-Up Amounts, BlockFi's Financial Operations team "trued up" the Custodial Omnibus Wallets by manually transferring digital assets into or out of the Custodial Omnibus Wallets from the Rehypotheateable Wallets.
- v. BlockFi typically aimed to transfer additional digital assets from Rehypotheateable Wallets via internal omnibus account transfers to applicable Custodial Omnibus Wallets to provide for a 1–5% buffer in the Custodial Omnibus Wallets in an effort to ensure that the Custodial Omnibus Wallets were always fully reserved. This buffer created an intercompany loan payable from BlockFi Wallet LLC to the relevant corresponding legal entity from which the digital assets were borrowed.
- vi. If the True-Up Process showed that there were excess digital assets in the Custodial Omnibus Wallets of greater than approximately \$10,000 USD (on a coin-by-coin basis), the excess assets may be released to the Rehypotheateable Wallets.

42. Upon the actual completion of the True-Up Process, the current balances amongst the Debtors' omnibus accounts will substantially match the client-level request data collected by the Company-Facing Interface from the prior business day and BlockFi will recognize the transfers as completed.

## **II. The BlockFi Interest Accounts.**

43. The BIA product allows clients to earn interest in the form of digital assets on the eligible, supported digital assets deposited or transferred into BIA. The BIA product is

administered by BlockFi Inc. for BlockFi's U.S. clients or BlockFi International Ltd. for BlockFi's non-U.S. clients. The Debtors published interest rates on its website at <https://blockfi.com/rates>. In the ordinary course of business, the Debtors used the daily balance method to calculate interest on clients' BIA accounts, applying a daily periodic rate to the specified principal in the accounts each day.

44. BlockFi has the contractual right to redeploy digital assets transferred to a BIA account for its revenue-generating activities. More specifically, BlockFi has the right, without further notice to a BIA client, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use any amount of digital assets transferred to a BIA, separately or together with other property, with all attendant rights of ownership, for any period of time and without retaining in BlockFi's possession and/or control a like amount of digital assets.<sup>36</sup>

45. Pursuant to the SEC Settlement, BlockFi undertook to cease offering BIAs to new clients in the U.S. and cease accepting further investments or funds in BIAs by current U.S. clients. On February 14, 2022, BlockFi announced on its website that "existing U.S. BlockFi Interest Account (BIA) clients will maintain their accounts and receive interest as they always have, but cannot add new assets to their accounts as of today, February 14, 2022. Further, U.S. persons will not be able to open new BIAs. . . . BIAs of BlockFi clients outside of the U.S. are not subject to today's resolution."<sup>37</sup> In February 2022, BIAs for non-U.S. clients were moved from BlockFi Lending LLC to BlockFi International Ltd., and, in April 2022, BIAs of U.S. clients were moved from BlockFi Lending LLC to BlockFi Inc.

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<sup>36</sup> BlockFi BIA US Terms of Service § E.1; BlockFi BIA Non-US Terms of Service § G.1.

<sup>37</sup> BlockFi Enters Landmark Resolution with Federal and State Regulators Providing Clarity on Pathway for Crypto Interest Securities, BlockFi Update (Feb. 14, 2022), <https://blockfi.com/resolution-announcement>.

### III. BlockFi Private Client.

46. In addition to BIAs, which generally have standardized terms applicable to all holders, BlockFi provides an individually negotiated interest-bearing product to eligible clients as part of its BlockFi Private Client suite of products. BPC loan agreements are with (and administered by) either BlockFi Lending (U.S. clients) or BlockFi International Ltd. (non-U.S. clients). The BPC product suite permits clients to lend digital assets to BlockFi on individually negotiated terms, in addition to individually negotiated terms for other products and services. BPC loan interest is paid in the form of digital assets at a negotiated rate. A BPC loan may be structured as an “open” term (*i.e.*, the BPC client may request that BlockFi repay the loan at any time) or a “fixed” term (*i.e.*, the loan has a negotiated maturity date). BlockFi has the right to redeploy digital assets borrowed under a BPC loan for its revenue-generating activities. BlockFi has the right to redeploy digital assets borrowed under a BPC loan for its revenue-generating activities. More specifically, BlockFi has the right, without further notice to a BPC client, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use any amount of digital assets borrowed under a BPC loan, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi’s possession and/or control a like amount of digital assets.<sup>38</sup>

### IV. The User Interface and the Company-Facing User Interface.

47. In the ordinary course of business, the Debtors use two distinct and independent processes to, ***first***, collect transfer request data (*i.e.*, via the Company-Facing Interface) (as defined below) and, ***second***, effectuate transfer requests (*i.e.*, the Debtors’ True-Up Process and Batching Process). The Debtors use a “user interface” / “user experience” system for its product offerings,

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<sup>38</sup> BlockFi Private Client Terms of Service § G.1.

which the Debtors call “Storm” or the “Product UI/UX System” (the “Company-Facing Interface”), to collect and record transfer requests that clients initiate when they interface and interact with the User Interface. The User Interface is the client-facing, web-based, in-app display that a client sees, experiences, and interacts with when logging into their BlockFi account from a computer or mobile device. The User Interface allows clients to, among other things, view their account balances (*e.g.*, the balance in their Client Wallet Account) and use various product offerings.

48. The Company-Facing Interface and the User Interface are two sides of the same coin. While the User Interface is the Debtors’ *client-facing*, user-experience program that clients interact with, the Company-Facing Interface is the *company-facing* aspect of the User Interface that the Debtors’ employees see, experience, and interact with to collect and review, and subsequently manually action, transfer request data.

49. When a client initiates a transfer request on the User Interface (*e.g.*, clicks the requisite digital buttons on their in-app display), that transfer request is automatically collected and recorded in a queue in the Company-Facing Interface. In connection with the automatic collection of the initiated transfer request data on the Company-Facing Interface, the User Interface automatically sends a fully automated email communication to the requesting client once such client clicks the “transfer” button on the User Interface to initiate a transfer request. Although the client receives an email immediately upon initiating the transfer request on the User Interface, there is a delay on the back end because the Debtors must manually process the transfer and withdrawal requests that are initiated on the User Interface and collected on the Company-Facing Interface via the True-Up Process and/or Batching Process.

50. With respect to the Attempted Platform Pause Transactions (*i.e.*, the requested transfers, trades, and withdrawals by BlockFi clients initiated on the User Interface *after* 8:15 p.m. (prevailing Eastern Time) on November 10, 2022), no digital assets moved amongst the Debtors' Custodial Omnibus Wallets and Rehypothecateable Wallets, no digital assets were withdrawn from the BitGo Custodial Wallets to any clients' external wallet, and the Debtors did not undertake the True-Up Process nor the Batching Process in connection therewith. Activity only appeared to have occurred in connection with the Attempted Platform Pause Transactions on the User Interface.

### **The Platform Pause**

51. As described in the First Day Declaration, in the Summer of 2022, BlockFi had entered into a transaction with West Realm Shires Inc. (d/b/a FTX US) (the "FTX Transaction"), which included FTX US making capital available to BlockFi Inc. in the form of United States Dollar Coin ("USDC") to be made to BlockFi Inc. of up to a notional amount of \$400 million.<sup>39</sup> Any capital made available to BlockFi Inc. under the FTX Transaction would be junior to BlockFi's obligations to its clients, and BlockFi drew \$275 million USDC pursuant to the terms of the FTX Transaction.

52. On November 8, 2022, the Debtors requested an additional \$125 million pursuant to the FTX Transaction, which FTX.US did not provide. That same day, FTX.COM suspended withdrawals for its international accounts, beginning a period of uncertainty in the cryptocurrency markets. On November 8, 2022, Alameda Research was in default on its loans from BlockFi and sought forbearance from BlockFi. As consideration for BlockFi's accommodation to not enforce legal rights, BlockFi demanded, and Alameda Research agreed, to post additional collateral for its

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<sup>39</sup> See First Day Declaration ¶¶ 67–72.

loans. The parties memorialized the Alameda defaults in their forbearance agreements on November 9, 2022. Ultimately, Alameda failed to repay BlockFi as the parties had agreed under the forbearance, and BlockFi's efforts to access certain collateral posted to secure the Alameda loans were not immediately successful.

53. At this point, the Debtors recognized that there was a risk that they would be unable to operate their business as usual and took action to protect clients' interests and ensure equality of treatment among similarly situated clients. Chief among these measures was the pause of platform activity, including transfers and withdrawals, as permitted under the BlockFi General Terms of Service (the "Platform Pause"), which took effect on November 10, 2022, at 8:15 p.m. (prevailing Eastern Time) (the "Platform Pause Time Stamp"). As further described herein, the Debtors made an initial public announcement of the implementation of the Platform Pause via the Debtors' official Twitter and Reddit account on November 10, 2022 at 8:16 p.m. (prevailing Eastern Time), true and correct copies of which are attached hereto as **Exhibit J** (the "Initial Notice").

54. The difficult decision to implement the Platform Pause occurred over the course of two special meetings of the Board of Directors of BlockFi Inc. on November 10, 2022. First, at 9:30 a.m. (prevailing Eastern Time), a special meeting of the Board of Directors of BlockFi Inc. convened to discuss, among other things, potentially pausing activities on BlockFi's platform to safeguard client assets and preserve liquidity. Later that day, at 3:45 p.m. (prevailing Eastern Time), the Board of Directors determined that it was in the best interest of the Company, its clients, and other creditors to pause product capabilities on the BlockFi platform, including trades, transfers, and withdrawals.

55. In accordance with the Platform Pause, (a) the Debtors immediately ceased to

effectuate trades, transfers, or withdrawals that were requested after the Platform Pause Time Stamp,<sup>40</sup> (b) the Financial Ledger (*i.e.*, the balances maintained in the Custodial Omnibus Wallets) ceased to reflect transactions data for requests initiated after the Platform Pause Time Stamp, and (c) the Debtors' Treasury and Financial Operations teams discontinued the True-Up Process and the Batching Process with respect to transfer requests initiated after the Platform Pause Time Stamp.

56. Pursuant to the Platform Pause, the Debtors stopped moving digital assets from the Rehypothecateable Accounts into Custodial Omnibus Wallets pursuant to the True-Up Process with respect to transfer requests initiated after November 10, 2022, at 8:15 p.m. (prevailing Eastern Time) and the Debtors stopped conducting the Batching Process, meaning that a client's ability to effectuate a bone fide withdrawal, transfer, or trade request on the platform was terminated with respect to transfer requests initiated after the Platform Pause Time Stamp. The Debtors' Financial Operations and Treasury teams did not effectuate any client request to transfer from BIA to Client Wallet Accounts that were initiated *after* the Platform Pause Time Stamp. The only transfers that the Debtors effectuated after the Platform Pause Time Stamp are described in paragraph 53. Consequently, all of the attempted Platform Pause Transactions, including the Attempted BIA to Wallet Transfers, remain in a queue in the Company-Facing Interface.

57. The only transfer requests that were initiated after the Platform Pause Time Stamp that were processed by the Debtors were in connection with the Department of Justice (the "DOJ") seizure (the "DOJ Seizure").<sup>41</sup>

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<sup>40</sup> Valid withdrawal requests that were submitted *prior* to the Platform Pause Time Stamp were fulfilled after the Platform Pause Time Stamp in the ordinary course of business after such withdrawal requests cleared the Debtors requisite and customary fraud and security checks.

<sup>41</sup> The DOJ Seizure refers to the Debtors' compliance with multiple DOJ seizure warrants that were served on the Debtors on November 16, 2022, prior to the Petition Date. To comply with the DOJ Seizure warrants, on February

58. Following the Platform Pause, the Debtors' moved segregated digital assets from Gemini's platform to BlockFi's platform to protect clients' digital assets in response to reports that Gemini would be imminently filing for bankruptcy (the "Gemini Transition"). The Gemini Transition did not involve moving new digital assets into segregation.

59. Between November 10, 2022 and November 18, 2022, the True-Up Process was only conducted in connection with respect to the continued processing of withdrawal and transfer requests that had been initiated by U.S. clients<sup>42</sup> prior to the Platform Pause Time Stamp.

60. Certain BlockFi clients continued to deposit new digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp. The Debtors do not have the ability to reject the new receipt of digital assets.<sup>43</sup> In addition, after the Platform Pause Time Stamp, certain clients, through their banks, reversed ACH transactions that they had initiated prior to the Platform Pause Time Stamp but which had not yet been reflected in the Custodial Omnibus Wallets.

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10 and 13, 2023, after advising parties and the Bankruptcy Court in a public hearing, the Debtors transferred to the U.S. government the wallet balances connected to the clients that were implicated in the DOJ Seizure warrants.

<sup>42</sup> One withdrawal BlockFi Private Client who had a non-U.S. address on file with the Debtors requested a withdrawal prior to the Platform Pause Time Stamp, which the Debtors did not effectuate due to the BMA order freezing the international wallet accounts. This client then sued the Debtors in the State of New York, claiming a U.S. address. On November 18, 2022, the Debtors honored this client's withdrawal request, which was submitted prior to the Platform Pause Time Stamp, in connection with a settlement of such litigation.

<sup>43</sup> To the extent that a U.S. client deposited digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp, such digital assets are reflected in the BitGo Custodial Wallets or the Wallet LLC Wallets. To the extent that a non-U.S. client deposited digital assets into the BitGo Custodial Wallets after the Platform Pause Time Stamp, there would need to be true-up from the BitGo Custodial Wallets or the Wallet LLC Wallets to the International Vault Wallets.



### **The Debtors' Noticing Efforts**

61. The Debtors made the decision to pause their platform at a board meeting in the afternoon on November 10, 2022, hours before the Platform Pause Time Stamp, and communicated this decision more broadly as soon as practicably possible.

62. Flori Marquez, the Debtors' Chief Operating Officer sent a message regarding the implementation of the Platform Pause to employees via Slack on November 10, 2022 at approximately 8:09 p.m. (prevailing Eastern Time) (the "Internal Slack Notice"), followed by Ms. Marquez's company-wide email to BlockFi's employees announcing the Platform Pause at 8:11 p.m. (prevailing Eastern Time) (the "Internal Email Notice"), copies of which are attached hereto as **Exhibit K** and **Exhibit L**, respectively.

63. Due to the sudden nature of the Platform Pause, the Debtors faced logistical hurdles in ensuring that *all* client communications occurred simultaneously, which resulted in the staggered delivery of the Platform Pause Alerts (as defined below) across multiple, wide-reaching communications platforms over the course of November 10, 2022, and November 11, 2022. Because of these logistical hurdles, the Debtors determined that the most prudent course of action to notify their clients that the Platform Pause had taken effect was to post a message moments after the Platform Pause Time Stamp on social media platforms Twitter and Reddit. The Debtors believed that, because both Twitter and Reddit are platforms that are heavily monitored and utilized by the Debtors' client base, utilizing social media was the best available first step to reaching the maximum number of their clients of and attract widespread attention from reputable media outlets to further amplify the notice.

64. The Debtors also typically utilize Twitter and Reddit to deliver messages to their clients because such messages are usually amplified by news outlets and other prominent social

media accounts with large audiences. Indeed, I understand that news of the Platform Pause was reported in various high-profile news outlets within hours of the Platform Pause. For example, at 8:33 p.m. (prevailing Eastern Time) and 11:55 p.m. (prevailing Eastern Time) on November 10, 2022, respectively, Bloomberg and the Wall Street Journal published articles publicizing BlockFi's suspension of withdrawals, true and correct copies of which are attached hereto as **Exhibit M** (the "November 10 Newspaper Notices").<sup>44</sup> A few hours later, at 5:43 a.m. (prevailing Eastern Time) on November 11, 2022, Singapore's Straits Times publicized BlockFi's withdrawal suspension, a true and correct copy of which is attached hereto as **Exhibit N** (the "November 11 Newspaper Notice," and together with the November 10 Newspaper Notices, the "Newspaper Notices").<sup>45</sup>

65. Also on November 10, 2022, at 8:16 p.m. (prevailing Eastern Time), the Twitter accounts with the handles "@BlockFiZac" and "@FounderFlori" retweeted the Debtors' notification, a true and correct copy of which is attached hereto as **Exhibit O** (the "Second Twitter Notice").

66. Subsequently, at 12:14 p.m. (prevailing Eastern Time) on November 11, 2022, the Debtors posted an in-app, "dismissible,"<sup>46</sup> pop-up message, a true and correct copy of which is

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<sup>44</sup> Hannah Miller, *Crypto Lender BlockFi Suspends Withdrawals in FTX Contagion*, BLOOMBERG (Nov. 10, 2022, 8:33 PM), <https://www.bloomberg.com/news/articles/2022-11-11/blockfi-pauses-withdrawals-says-can-no-longer-operate-as-usual?srnd=all&leadSource=verify%20wall#xj4y7vzkg>; Elaine Yu, *Crypto Lender BlockFi Halts Withdrawals, Citing FTX's Problems*, WALL ST. J. (Nov. 10, 2022, 11:55 PM), <https://www.wsj.com/articles/crypto-lender-blockfi-halts-withdrawals-citing-ftxs-problems-11668142538>.

<sup>45</sup> See *Crypto Lender BlockFi Suspends Withdrawals in FTX Contagion*, STRAITS TIMES (Nov. 11, 2022, 5:43 AM), <https://www.straitstimes.com/business/crypto-lender-blockfi-suspends-withdrawals-in-ftx-contagion>.

<sup>46</sup> A "dismissible," pop-up in-app message (the "Dismissible Messages"), requires all BlockFi clients to affirmatively click a button on the home screen of the User Interface to "dismiss" the message before they can use the BlockFi platform. To post a Dismissible Message, the Debtors can utilize the marketing tool Braze, which allows them to post a message one day after Braze receives sign-off from BlockFi's legal and compliance teams. Therefore, to provide notice to the Debtors' clients as soon as possible, the Debtors posted the In-App Notice while comporting with internal legal, management, and product considerations.

attached hereto as **Exhibit P** (the “In-App Notice”), which was available to all of BlockFi’s clients using Android and iOS devices as an alert-style message in the BlockFi app, regarding the implementation of the Platform Pause. Once the In-App Notice was active, a client could not access their BlockFi account without first affirmatively clicking a button on the User Interface to “dismiss” the message.

67. At 12:17 p.m. (prevailing Eastern Time) on November 11, 2022, the Debtors published an official update on their website, a true and correct copy of which is attached hereto as **Exhibit Q** (the “Website Notice”).

68. Also at 12:17 p.m. (prevailing Eastern Time) on November 11, 2022, after clearing numerous requisite, logistical steps and obtaining requisite internal approvals, the Debtors transmitted an email all clients, a true and correct copy of which is attached hereto as **Exhibit R**, alerting all clients that the Debtors had limited platform activity to help protect all similarly situated clients, particularly in light of the deleterious impact of FTX’s bankruptcy on the cryptocurrency market.<sup>47</sup>

#### **The Debtors’ Public Communications Prior to the Platform Pause**

69. On November 8, 2022 at 11:14 a.m. (prevailing Eastern Time), a tweet was issued from the Twitter handle @FounderFlori. I understand that the context of the tweet was to provide BlockFi clients with accurate information regarding BlockFi’s operations in light of FTX.COM’s pause of withdrawals. A true and correct copy of the tweet is attached hereto as **Exhibit S**.

70. On November 10, 2022, at 9:00 a.m. (prevailing Eastern Time), a tweet was issued from the Twitter handle @BlockFi regarding news that Silvergate, BlockFi’s U.S.-based banking partner for wire and ACH withdrawals, would be closed due to observance of the federal holiday,

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<sup>47</sup> November 11, 2022, BlockFi Update (Nov. 11, 2022), <https://blockfi.com/november-11-2022-blockfi-update>.

Veteran's Day, on November 11, 2022. I understand that the context of the tweet was to notify BlockFi clients that, while wire and ACH deposits and withdrawals would have been delayed two extra business days due to Silvergate's closure on Veteran's Day, withdrawals of digital assets would be unaffected by Silvergate's closure on Veteran's Day. A true and correct copy of the tweet is attached hereto as **Exhibit T**.

71. On November 23, 2022, I understand that the Debtors published a response to clients' Frequently Asked Questions ("**FAQ**"), a true and correct copy of which is attached hereto as **Exhibit U**. The FAQ stated that clients "can continue to check the BlockFi app for accurate information regarding [their] account balances"<sup>48</sup> I understand that the purpose of that FAQ message was to direct BlockFi's clients to their app and website for reliable information regarding information about the status of their account balances, as opposed to other third-party sources that might publish incorrect information about the state of affairs of BlockFi's business.

### **The Attempted Platform Pause Transactions**

72. After the implementation of the Platform Pause, it took the Debtors approximately five hours to fully disable a client's ability to enter withdrawal and trade requests on the User Interface, and, with respect to requests to transfer to and from clients' BIAs, eight days to fully disable client-facing transfer request functionality on the User Interface for iOS and Android devices (the "**UI Delay Period**"). The process to fully disable the User Interface is complex and requires numerous engineers and UI and UX designers to both troubleshoot and disable aspects of the User Interface using code changes.

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<sup>48</sup> Responses to Frequently Asked Questions, BlockFi Update (Nov. 23, 2022), <https://blockfi.com/responses-to-frequently-asked-questions>.

73. When the Debtors made the unprecedented decision to implement a Platform Pause, they did not know the extent to which that the Platform Pause would disparately impact the client-facing transfer request functionality on the platform, which resulted in the UI Delay Period. Prior to the Platform Pause Time Stamp, the Debtors had never implemented a full or even partial freeze of their platform and they did not—and could not—foresee that it would take different periods of time to disable different client-facing transfer request functions across the Debtors’ User Interface, including clients’ ability to click the requisite buttons on the User Interface to initiate a transfer request to and from BIAs and Wallet Accounts.<sup>49</sup>

74. During the UI Delay Period, I understand that a number of clients continued to attempt to enter requests for transactions on the User Interface with respect to the digital assets in their Client Wallet Accounts (the “Attempted Platform Pause Transactions”):

- i. ***Pending Withdrawals.*** Clients requested the withdrawal of digital assets from their Wallet Accounts;
- ii. ***Attempted BIA to Wallet Transfers.*** Clients attempted to transfer digital assets from their BIA into their Wallet Accounts;
- iii. ***Attempted Wallet to BIA Transfers.*** Clients attempted to transfer digital assets from their Wallet Accounts into their BIAs;
- iv. ***Pending Trades.*** Clients requested the purchase, sale, or trade of digital assets using their Wallet Account assets; and
- v. ***Attempted Posting of Loan Collateral.*** Clients attempted to post loan collateral using their Wallet Account assets.

75. I understand that until the Debtors were fully able to disable the client-facing transaction request functionality on the User Interface, the User Interface continued to improperly

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<sup>49</sup> During the approximately week-long May 2022 collapse of the stablecoins TerraUSD (“UST”) and LunaClassic (“LUNA”), the Debtors froze specific trading pairs with LUNA and UST, but unlike the Platform Pause, trading as a function of the platform remained fully functional.

display balances as if the Attempted Platform Pause Transactions had been completed and the Company-Facing Interface continued to automatically collect and queue transfer request data.

**Top 50 List; Schedules and Statements**

76. Prior to the Petition Date, I understand that the Debtors extracted data directly from the Company-Facing Interface in connection with the preparation of certain filings related to the commencement of these chapter 11 cases, including the Top 50 List. The Debtors utilized the data available to them on the Debtors' Company-Facing Interface because it is the Debtors' only system that captures data at a client-level.

77. During these chapter 11 cases, the Debtors included client-level data from the Company-Facing Interface, adjusted to account for the Attempted Platform Pause Transactions, to draft their Schedules and Statements. ~~As~~The Debtors attempted to reflect in their Schedules and Statements the fact that Attempted Platform Pause Transactions were not effectuated, and any assets related thereto remained in the Rehypothecateable Wallets (and in clients' BIAs) through the Petition Date. To do that, as described above, with respect to BIA Interest, ~~I understand that~~ the Debtors' BIA Interest claims published on the Debtors' Schedules and Statements (filed on January 12, 2023) were manually calculated by reference to the digital assets that were reflected in BIA on the User Interface at a client level as of the Platform Pause Time Stamp, ~~with interest~~ calculated for the period of November 1, 2022, through November 28, 2022. ~~Accordingly, the Debtors' Schedules and Statements reflect, to the best of the Debtors' understanding, the fact that Attempted Platform Pause Transactions were not effectuated, and any assets related thereto remained in the Rehypothecateable Wallets (and in clients' BIA accounts) through the Petition Date.~~

78. It is my understanding that, for certain clients who initiated requests to transfer digital assets from their BIAs to Client Wallet Accounts on November 11, 2022 after 01:15 UTC and until 23:59 UTC, the BIA Interest calculation reflected in the Debtors' Schedules and Statements is not correct. The figure reflected on the Schedules and Statements reflects an incorrect calculation with respect to the BIA *Interest* for certain clients who initiated requests to transfer on that date after 01:15 UTC. However, the scheduled BIA *balance* for these certain clients is correct, as the interest accrual was a separate manual calculation.

79. This manual calculation error applied only to BIA Interest on that one date (November 11, 2022 after 01:15 UTC time), and does not affect the accuracy of the scheduled amounts with respect to BIA balance for all clients or BIA Interest for those over 25,360 clients who initiated requests to transfer from their BIA to Client Wallet Accounts beginning on November 12, 2022 UTC or later. The Debtors intend to correct this issue by filing an amended Schedule with an accurate BIA Interest calculation with respect to those 23,238 clients who initiated requests to transfer on November 11, 2022 after 01:15 UTC until 23:59 UTC.

**The Relief Requested Is Necessary**

80. ~~78.~~ In order to facilitate withdrawal requests from the Client Wallet Accounts, the Debtors must be authorized to update the User Interface so that it properly reflects platform activity as of the Platform Pause Time Stamp. Absent such relief, certain clients will have an improper picture of what digital assets are currently available in their Client Wallet Accounts and there will be no way to honor all withdrawals.

81. ~~79.~~ Moreover, the notional amount of digital assets in the Custodial Omnibus Wallets is \$296,950,551.82,<sup>50</sup> which reflects the amounts in the Client Wallet Accounts as of the Platform Pause Time Stamp, taking into account post-Platform Pause client deposits and the DOJ Seizure, plus a very small surplus. The notional value of the Attempted BIA to Wallet Transfers is \$375 million. Of the approximately \$375 million of Attempted BIA to Wallet Transfers, approximately \$291.6 million was subsequently requested to be withdrawn to an external wallet. Today, there are not sufficient digital assets in the Rehypothecateable Wallets to fully effectuate the True-Up Process. Therefore, it is not possible for the Debtors to undertake the True-Up Process and Batching Process, which are necessary to effectuate a transfer from BIAs to the Client Wallet Accounts and subsequently to effectuate the off-platform withdrawals to external wallets from the Custodial Wallet Accounts. Consequently, it is also not possible for the Debtors to reflect digital assets that are the custody of the Debtors' clients in a notional amount more than the approximately \$297 million in the Client Wallet Accounts, and certainly the Debtors could not reflect an additional \$375 million as the Ad Hoc Committee suggests in their objection.

82. ~~80.~~ In the event that the Attempted Platform Pause Transactions were to be treated as "complete," I understand that the Debtors will not be able to satisfy client withdrawal requests from the Omnibus Wallet Accounts. A large portion of the Attempted Platform Pause Transactions were attempted by clients who sought to move digital assets from their BIAs (*i.e.*, accounts where digital assets contained therein can be rehypothecated) to their Client Wallet Accounts (*i.e.*, custodial accounts), and then subsequently withdraw such digital assets from their Client Wallet Accounts. If the Debtors were now forced to take the requisite steps (*i.e.*, the True-Up

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<sup>50</sup> As of April 1, 2023. Price conversion using end-of-day digital asset prices at 11:59 p.m. UTC on November 10, 2022.



Process and the Batching Process) to effectuate the Attempted Platform Pause Transactions, the Debtors would be unable to transfer sufficient digital assets from the omnibus accounts maintained for their other product offerings to true-up the Custodial Omnibus Wallets and, consequently could not honor all requested client withdrawals as of the Platform Pause Time Stamp.

83. ~~81.~~ For all practical purposes, the Debtors are unable to utilize a different time stamp to restore the User Interface. Beginning at the moment of the Platform Pause Time Stamp, the Attempted Platform Pause Transactions, including the Attempted BIA to Wallet Transfers, were not effectuated on a go-forward basis. Utilizing a different Platform Pause Time Stamp would force the Debtors to take the requisite steps to move digital assets amongst their Rehypotheccateable Wallets to true up the Custodial Omnibus Wallets to match the request data collected by the Company-Facing Interface to effectuate Attempted Platform Pause Transactions that were requested following the Platform Pause Time Stamp, but never occurred. The Debtors simply do not have the digital assets on hand to true up the Custodial Omnibus Wallets to permit in-kind withdrawals. Consequently, failure to grant the relief requested by the Wallet Withdrawal Motion would undermine the principal purpose of the Platform Pause, which was permitted without prior notice under the BlockFi General Terms of Service: to maintain the status quo for all similarly situated clients during a period of unforeseen disruption.

84. ~~82.~~ Additionally, I believe that if the Debtors were forced to adjust the User Interface to reflect platform activity as of any other time stamp besides the Platform Pause Time Stamp, such an adjustment would not only jeopardize the Debtors' ability to satisfy all withdrawal requests from the Custodial Omnibus Wallets, but would unfairly prejudice clients who stopped attempting to trade, transfer, or withdraw their digital assets pursuant to the Debtors' Platform

Pause, while unjustly benefiting those who continued to attempt such activities following the Platform Pause.

85. ~~83.~~ In order to satisfy client withdrawal requests that are requested after entry of an order granting the relief requested in the Wallet Withdrawal Motion, the Debtors must first update the User Interface to properly reflect the digital assets contained in the Client Wallet Accounts as of the Platform Pause Time Stamp. That could be accomplished, and clients could then withdraw the cryptocurrency in the Custodial Omnibus Wallets as of the Platform Pause Time Stamp, if the Court grants the relief requested by the Debtors in the Wallet Withdrawal Motion.

I, Amit Cheela, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury that the foregoing statements are true and correct.

Dated: ~~April 29~~May 2, 2023

/s/ Amit Cheela

Name: Amit Cheela

Title: Chief Financial Officer  
BlockFi Inc.